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# A PRIMER OF SOCIAL SCIENCE

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# A PRIMER OF SOCIAL SCIENCE

BY

THE RIGHT REV. MONSIGNOR  
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BIRMINGHAM

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## PREFACE

MANY members of the Catholic Social Guild have expressed the desire for a simple yet comprehensive manual of social science. The little volume here offered to the public is an attempt to meet this requirement. It is intended for beginners, and aims at presenting social science with some completeness of outline and under the light of Catholic principles.

Limits of space have made it impossible to do more than call attention to the subjects of Agriculture, the Middle Class, and Emigration.

The Author is indebted for useful suggestions to several members of the Executive of the Catholic Social Guild, notably to Mr. Leslie A. Toke and Mr. G. C. King.

H. P.

OScott COLLEGE,  
April 10, 1913.

## PREFACE TO THE SECOND EDITION

THE principal changes in this edition are the substitution of recent statistics, additional references and a somewhat more extended treatment of unearned increment (pp. 151-153), wages *versus* association (pp. 162-172), the "equitable minimum" (p. 179), women's wages (179-180), service (pp. 182-3), co-partnership (pp. 196-198), agriculture (pp. 211-219), the middle class (pp. 219-222), unemployment (pp. 259-275 ).

My sincere thanks are due to Mr. Lewis Watt, S.J., for his valuable suggestions and Mr. L. A. Toke for his generous assistance in correcting the proofs.

H. P.

OScott,  
October 7, 1918.

## PREFACE TO THE THIRD EDITION

IN the present edition statistics have been brought up, as far as possible, to the close of 1919.

OScott,  
*December 28, 1919.*

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**PART I**  
**INTRODUCTORY**



## INTRODUCTORY

### i. GENERAL NOTIONS.

1. Social science is the systematic study of the social organism. By the social organism is understood the structure of Society (comprising individuals, families, groups, the Church and the State) together with the mutual action of its various elements.

In order to live and thrive men must associate with their fellows. The intercourse of members of a family with one another, with their friends and neighbours, with their companions in toil or recreation, with the local or national authorities—the functions of labour, learning and play—the carriage of goods and the public services of the post, telegraph and railway, form a wonderfully complicated network, which is often described as the social organism. Social science is the study of this organism. It endeavours to present the facts in an orderly manner, such facts for example as the rights and privileges of the family, the claims and responsibilities of industry, the means of subsistence, the equitable distribution of profits, etc. It studies the principles which should regulate the use of the different activities at work, for instance, principles regarding the sacredness of the human personality, the primacy



of the family, and the limits of the State's interference with the freedom of individuals. Its ultimate aim is prosperous citizenship.

2. It is therefore a science dealing with eminently practical matters which are the concern of all alike, and which may be summed up in the general wellbeing of the community. In other words, social science is the systematic study of the social organism, or the exact and orderly presentation of the facts and principles which constitute or control the activities of society with a view to its material, intellectual and moral advantage.

3. The object of social science is the welfare of the individual through the proper action of the organism. To attain this object it has to deal with the activities of society as a whole, and with the larger groups or organs and the individuals as parts of the whole. Individuals may, therefore, be looked upon as the ultimate elements of which human society is formed. The social unit, alone capable of perpetuation, is the family. An extension of the family is the household or *familia*. Groups of families make up the village, the commune, or the town. These various parts coalesce into one great social structure under the binding power of the supreme authority or State.

The purpose, then, of social science is the proper ordering of society in its various parts for the collective and individual well-being of its members. Every member of the community falls under its considerations and care in so far as he is an element in the general organism. All classes and conditions call for due attention and study, and in this way the industrial, agricultural, commercial, professional, and leisured classes, the wealthy

and the less wealthy, fall naturally within its programme of work. Each finds its place in the hierarchy of the commonwealth ; each learns that each has rights which none may violate, and that while every one has duties common to all alike, he has also duties which are particular to his own station. The observance of these rights and the performance of these duties by the highest and the lowest will ensure the happiness of the social state.

Social science must not be mistaken for the social question. The social question is concerned with the problems arising out of a particular condition of society. It has for its special object the existing inequalities of the different classes (wealth and poverty, education and ignorance), the deficiencies of society (ill nurture, bad sanitation, immorality), and their removal. Social science presents constructively and as a whole the ideas and principles by the prudent application of which the social question may ultimately be settled.

4. As no single science can give adequate expression to the myriad relations and forces of so complex an organism, social science must presuppose in some measure, not merely the sciences of religion and morals, but also that of politics or government, jurisprudence or legal justice, and economics or the science of wealth.

The science of morals has to do with the goodness and badness of actions, such as honest behaviour and lying. Its aim is the ordering of life towards the attainment of the true and final purpose of all human endeavour, namely, supreme happiness hereafter ; and it points out virtuous conduct as the proper means for achieving that purpose. Morality thus contributes to social activity the

inestimable quality of "goodness," directing and controlling it in view of the ultimate purpose of life. In this manner it provides a lofty aim and a powerful sanction for all social virtue.

Politics or the science of right government differs from social science in that it is concerned with the supreme authority in the commonwealth, the right of making and enforcing laws, administering justice, and the responsibility of national defence. Politics is supreme in its own sphere. Nevertheless, it is subordinated to the moral law which embraces and dominates all rational existences.

5. Economics or political economy is the science of wealth, or of the means by which wealth is produced and distributed. Capital, interest, labour, production, wages, profits, markets and consumption and the use of wealth form the staple subjects of its discussions. The wealth which economics has in view is not the hoard of the miser, nor the extravagant affluence of the prodigal, but a fairly distributed standard of material comfort throughout the entire population. Now this material prosperity of the whole society, produced by all and for the advantage of all, is not a product to be isolated from the chief agents of its creation—the souls and sinews of men. The true object of political economy is material independence as produced by human thinkers and workers. Under this aspect political economics would be a part of social science. But if the term political economy be reserved for the consideration of the more general principles under which wealth is produced then social science will apply these first principles and laws to the evolution of a prosperous body of citizens.<sup>1</sup>

<sup>1</sup> See M. Maher, *English Economics and Catholic Ethics*. C.T.S., 1d.

## ii. THE SOCIAL POINT OF VIEW.

6. From beginning to end, social science is engaged with the intercourse of man with man as a member of the domestic, industrial, commercial, or other groups. His particular well-being, as it emerges from these relations, becomes the centre of its attention. Other relations are taken into account in the measure in which they affect the members of society, either as isolated individuals or as formed into groups. To this class of relations belong homage to God, the supreme originator of social forces, and absolute deference to the injunctions of the moral code.

Still, the precise object of the science and its abiding interest is the material, intellectual, and religious well-being of each and all as members of society. This interest is due to and in turn intensifies that mental outlook which sometimes goes by the name of the social sense. In this sympathetic outlook upon all others there is nothing new for the Christian. His social sense is nothing more or less than the activity of an alert and lively charity. Charity, in this sense of the term, is an essential part of his religion. There is social trouble in England and in every other civilized country because men are immeasurably more eager for wealth than for the elementary virtues. They prefer money to justice, pit justice against equity, and have degraded the very name of charity. Injustice, oppression, fraud, the amassing of wealth, usury, luxury, immorality, a cold and thoughtless neglect of the poor, are all of them delinquencies which affect our fellowmen. The opposite of each of these social vices is expressly and peremptorily enjoined upon the Christian.

*Social regeneration is nothing more than the introduction of Christian virtue into society.*

### iii. IS THERE A SOCIAL QUESTION ?

7. The subject of our study naturally prompts the inquiry : Is there a social question ?

There can be no room for doubt as to the existence in our midst of serious and far-reaching discontent, and even resentment. To what extent these feelings are justified by the facts of the case is a matter for careful investigation. The rebellious unrest in all sections of the wage-earning class, and the awakening apprehensions on the part of the well-to-do, proclaim the existence of some deeply rooted evil. The strengthening of the workers' unions, and the frequency and magnitude of recent strikes, manifest the presence of a new and irresistible force in society. The growth of "class-consciousness," or "an increased self-reliance and closer mutual combination of the masses," together with the rise of class hatred and a continual state of war between labour and capital, are glaring evidences of a grave situation. Social interests arrest and occupy the attention of the Press, professors of political economy now include the welfare of the workers in their reckoning, and an immense social literature of every description has flooded the world within the last twenty years. Legislation on social matters has grown with unprecedented rapidity. Legislators have displayed a new mentality with regard to the claims of the masses and the duties of the classes. New legislation is foreshadowed by Commissions such as those on the Poor Law, the Feeble-minded, Sweating, etc. The Popes, the Church, Catholics and

non-Catholics in England and in other countries have shown themselves alive to the imminence of serious danger : " and actually there is no question which has taken a deeper hold on the public mind." (*Condition of the Working Classes*, p. 1 (11),<sup>1</sup> C.T.S. 1d.).

8. This social question is also called a problem, inasmuch as it deals with a practical matter, not simply a matter of theory. It also presents the conditions of a problem, since it is occupied with the known (certain ascertained facts) and the unknown (their combination or adjustment).

The elements of this problem are mainly three : evils, their causes, and their remedies.

The nature, extent, significance, and consequences of the evils of our present social state must be ascertained as accurately as possible. The causes which bring about these evils must be sought out and understood ; for without this no scientific knowledge or treatment of our social maladies will be possible. With this information at our service we shall be in a position to consider what remedies are likely to prove effectual.

The present social trouble affects all classes of society, but in different ways. The wealthy class complains of a diminution of its income, the increase of its burdens, and the growing insecurity of its ascendancy. The middle class (comprising those persons of independent though often moderate means, and those engaged in business enterprise, or in the rendering of services of a professional character) complain of the lowering of interest or dividends, of competition, of bad trade. The small farmer has his difficulties of high rent and foreign competition ; the small shopkeeper

<sup>1</sup> The figures in brackets, here and elsewhere, refer to the edition of 1913.

suffers from the non-payment of his bills and the impossibility of competing with the "Stores." The small employer is ruined by the large manufacturer, who in turn has to face the greater economic efficiency and consequently keener competition of amalgamated concerns. The work-folk of the country are flocking to the town, while in the towns you have concentrated the worst features of a civilization gone astray.

The urgency of the social problems of to-day arises from the unsatisfactory condition in which a very large number of the wage-earners are found. The social question is primarily a question of the poor, of wages, and of "decent living." Yet it is much more than this; for a little reflection will show that any real amendment here will imply reformation and re-adjustment in all parts of the social organism.

9. Since 1891, when Leo XIII wrote his Encyclical *On the Condition of the Working Classes*, notable improvements have been recorded in various countries. For all that, his able analysis of the condition of the world may serve us as a guide at the present time. These are the lines of his analysis:—

(a) With reference to Labour.

1. The condition of a very large number of workers is wretched.
2. They bear a yoke sometimes little better than slavery.
3. This condition is undeserved. (Hence we must infer that their unhappy circumstances are not entirely of their making. Hence, too, we may gather that their amelioration is not merely a question of morality and thrift.)

(b) With reference to Capital.

1. The contrast of wealth and poverty is glaring : "enormous fortunes of some few individuals, and the utter poverty of the masses" (p. 1 (11) ).
2. The supremacy of capital is reached through "rapacious usury" and the "control of work."

(c) The remedy is urgently demanded, and should be applied promptly. (We may gather, then, that almsgiving and the moral reform of individuals, though requisite, are not sufficient, because their effect upon society as a whole would be extremely slow. It also follows that remedies should be real and effective, not mere palliatives.)

A close inspection of the facts of life will reveal to the observer four distinct sources of the evils which all deplore : error, vice, material conditions, and political action. In other words, the sources of our social evils are religious, moral, economic, and political. Social life includes the highest perfection of human nature ; little wonder, then, that it should be so complex. The lofty aims, the constancy and the sanctions of human conduct are affected disastrously by indifference, agnosticism, and atheism. Secularism in education leaves unguided the receptive minds of the young at the time when they most need training. Sectarian differences of Christians stand in the way of that support from religion which under happier circumstances might be afforded. In the matter of conduct, the strong impulse of selfishness or egoism must be held responsible for much that is wrong. With it comes the greed of wealth, the pride of place, a passionate pursuit of pleasure whenever possible, the extravagance of the rich,



the unthrift of the wage-earner. Alcoholism, though diminishing, is still a national curse. And as to immorality, and unjust practices such as fraud and adulteration, they are failures in our civilization which increase rather than diminish. This much is clear, that every one of these religious or moral evils is a bar to social progress. What is wanted first of all is a turning to the truth, and a sincere and persevering effort for a virtuous life, especially self-control, justice, equity, brotherly love, and a spirit of honest work.

There is no need to delay here over economic evils such as the divorce of capital and labour, depopulation of the rural districts and overcrowding of the large towns, the ills of "sweating," over-production, unemployment, want, destitution, and degradation.

10. At the sight of these and similar evils, men and rulers might have been expected to meet in council and discuss them seriously on their own merits. Instead of this, factions among the people represented by parties in Parliament, vested interests, and out-of-date views and methods block the path of reform.

During the past fifty or sixty years conspicuous advances have been made, more particularly in hygiene, clothing, food, housing, and in the increase of real wages. On the other hand, if wealth has increased, wants have increased at a still more rapid rate. The worker's dependence and uncertainty of employment are greater. A prominent tone among the working class is discontent: the social note is non-Christian in spite of numerous efforts, occasionally uneducated, often ill-directed, of many Christian organizations, while our birth-rate has seriously declined.

The social question may then be described as .

the problem presented by the sum of the evils from which society, and especially the working class, is suffering in the religious, moral, economic, and political order.

Thus four different sciences bear directly upon the well-being of social life. And under this aspect the complete definition of social science will be : the study of the civic relations of man in the religious, moral, economic, and political order. The removal, therefore, of social evils must not be sought in the application of remedial measures drawn exclusively from one or other of these sources ; but as the evils we deplore have a fourfold origin, they must of necessity be dealt with by a fourfold remedy. Many persons look to religion alone for the restoration of our social state—to works of charity, to the teaching of Christian doctrine, and to its defence by apologetical instruction. They do not sufficiently realize that social evils have also an economic and political aspect. Others insist upon the sufficiency of the conversion of the individual and society to the consistent practice of the Christian virtues. Possibly if this were effected in all its completeness it would prove an adequate remedy. Still, it must be remembered that thousands of saintly Christian souls are the victims of economic conditions. It is therefore the duty of the reformer to modify those conditions.

#### iv. SCHOOLS OF SOCIAL REFORM.

11. The gradual disappearance of divergent views among Catholics of the objects and methods of social reform belongs now rather to history than to social science. For Catholic reformers are now

in practical agreement on all main issues. Information on this subject may be sought in Schrijvers, *Handbook*, pp. 17 ff ; Garriguet, *Ecoles Sociales*, pp. 50 ff ; *The Social Value of the Gospel* ; Antoine, *Economie Sociale*, cc. viii-x.

The Catholic social reformer holds that the existing economic condition is bad, not indeed, in its essential principles (and here he differs from the Socialist), but on account of its deeply rooted and widespread abuses. He desires therefore, to readjust it more in accordance with the dictates of the natural law and the teachings of Christianity.<sup>1</sup> Therefore he holds :—

1. The function of the State is not only the protection of strict rights, but also the promotion of the public prosperity.

2. The lines of social reform are as follows :—

(a) The evils of the time are seen to be chiefly religious and moral.

(b) So he regards the existing social order as wrong, based as it is on excessive individualism and unrestricted competition.

(c) He considers the present social order to be ill-arranged by reason of the absolute theoretical equality of conditions and the actual absence of "property" in so large a proportion of the community (the proletariat). And he desires a return towards the ancient organic structure of society : family, county or district, and classes.

<sup>1</sup> Among the many names of distinguished social writers it will be enough to have mentioned one or two belonging to different countries : *France*—Count de Mun, Léon Harmel ; *Italy*—Liberatore, Toniolo ; *Germany*—Bishop Ketteler, Lehmkuhl, Cathrein ; *Belgium*—Bishop Doutreloux ; *England*—Devas ; the *United States*—Dr. Ryan.

- (d) Against excessive individualism and unlimited competition he advocates a legislative constitution of labour with a view of protecting the workman when he is weak and of guiding him when he is strong.
  - (e) As remedies for all social evils he appeals —(i.) to the action of the Church and of justice and Christian charity ; (ii.) to moderate and progressive legislation ; (iii.) to corporate initiative.
3. As practical measures he invokes the following <sup>1</sup> :—
- (a) The formation of Associations or Trade Unions.
  - (b) The restriction of financial gambling.
  - (c) The granting of a living wage.
  - (d) The fixing of a " maximum " day's work, the " normal " day to be determined by the association or trade union of workers.
  - (e)\* The promotion of obligatory insurance, the regulation of women's work, the prohibition of Sunday labour, protection against distraint, the establishment of co-operative and profit-sharing enterprises.

#### V. CHRISTIAN DEMOCRACY.

12. Some have felt that the doctrines of the Catholic Reformer savour of extreme democracy ; and it is quite true that some reformers more ardent than wise have forced them to a point at which

<sup>1</sup> This programme was approved by Leo XIII. See Antoine, *Economie*, p. 271.

they have incurred condemnation. We are, however, indebted to Leo XIII for guidance on this important matter. Let it, then, be understood that in its general meaning Democracy is government by the people. This popular government may be either direct, as at times in Switzerland when the referendum is employed, or it may be indirect, when, as in the United States, the people govern by means of their elected representatives. Or thirdly, it may be a mixed government, when, as in England, popular government is controlled by the power of an oligarchy and the monarchy. By the term Christian Democracy some understand any form of political government which advances the welfare of the working class. But for this somewhat vague description we may substitute the following: "*Christian Democracy is that social order in which all social forces (legislative, agricultural, industrial, and economic) combine (in their full development and hierarchical order, i.e., all classes unite in due proportion) for the common weal, and with special reference to the welfare of the lower classes.*" (See *Condition of the Working Classes*, pp. 25 (32), 27 (33).) One point should here be carefully noted. The end to be obtained is not the welfare of some abstraction, as the "State," but the real and tangible advantage of the citizens; not the particular good of the ruler, or the ruling class, or, indeed, of any class to the detriment of the rest. (See *op. cit.*, p. 28 (34).)

"*Christian Democracy*, as Christian, ought to have as its foundation the principles laid down by divine Faith, having regard, indeed, to the temporal advantage of the lower orders, but designing therewith to fit their minds for the enjoyment of things eternal. Accordingly, to *Christian Democracy* let there be nothing more sacred than law and

right ; let it bid the right of having and holding to be kept inviolate ; let it maintain the diversity of ranks which properly belongs to a well-ordered State." (Encyclical "Graves de communi," *The Pope and the People*, p. 270 (241).)

From the above explanation the position of Christian Democracy will be clearly intelligible.

1. It will be in opposition to the exaggerated non-intervention of the "Liberal" school, as well as to the class hatred and collectivism of the Socialist.

2. It will admit of any form of government, although the elective and representative form appears to be more congenial to it.

3. It will strongly advocate the welfare of the lower classes—(i.) because they are weak and oppressed ;<sup>1</sup> and (ii.) because the needs of the greater number ought to have the first consideration.<sup>2</sup>

While, then, there can be no doubt that the general trend of Catholic thought goes with the social reformers, yet seeing that there are questions still open to discussion among Catholics, it is important that all extravagance of expression should be avoided. Our aim is not to establish a faction, but to unite all ranks in the noble work of social restoration. In this supreme task firmness is not the only quality required, but gentleness also and forbearance. Indiscreet controversy is out of place and a wasteful expenditure of energy. Our policy is rather to discover those

<sup>1</sup> The broad fact is beyond question, but the local application of the statement is open to investigation.

<sup>2</sup> In support of this contention that *preference* should be shown to the working classes, appeal is made to the "Rerum novarum" : but the relevance of the passages cited is open to question.

points on which we can all securely unite for the preservation of religion and social welfare.

## vi. GENERAL PRINCIPLES UNDERLYING CATHOLIC SOCIAL REFORM.

13. So far-reaching and practical are the issues which result from a definite and systematic view of the highest and most important of human institutions, namely, civil society, that the reader has a right to expect some statement and justification of the dominant principles which in the last resort are to compel his conclusions. In every science except the first and the highest, such assumptions are always made, even when they are not expressly adverted to. And as this is a Catholic manual of social science, its exact position must be made clear at the outset for the benefit of the general reader.

Reference however can be made only to the sciences whose principles find immediate application in our special field of study. These principles fall readily into two classes—those which are known to us by reason alone, and those known to us through the Revelation which is contained in the Christian religion. These two sources are not antagonistic (as is sometimes wrongly imagined) but complementary. Neither ought one to suppose that our present study is a branch of theology; it is properly a natural science, a product of the human mind pursuing its particular object (namely, human welfare) by its own methods (observation, induction, and deduction), but with due subordination to, at times learning from, and at times controlled by, a science

(sacred theology) whose outlook is wider and whose information is surer than its own.

14. It would occupy too much of our space, even if it were not outside the scope of a subordinate science, to work out any detailed exposition or learned justification of the principles which are here taken, not precisely for granted, but as convincingly established elsewhere ; but the references given at the end of the section (vi.) will serve to guide the inquirer to sources where such explanations and proof may be sought. The chief doctrines or principles underlying the Catholic system of social science are here stated as briefly as possible.

1. There exists a personal God, Creator of the universe, its lawgiver and final arbiter.

2. Every individual of the human family is endowed with a vital principle which is spiritual in its nature, free under certain conditions, responsible to the Divine lawgiver for its conduct, and destined for an existence beyond the term of this life, in which existence it may reach the full expansion of its faculties and the full satisfaction of its inborn yearning.

3. The Creator has enacted the laws which ordain the proper action of the entire universe—both those laws which operate necessarily in all instances (as the operations of the physical world) and those which govern the exercise of that initiative power of the will which is called liberty.

4. The moral code proceeds from the Divine lawgiver.

5. The prohibitory clauses of the moral code (or, as it is called, the "Natural Law") are absolutely invariable, and admit of no exception with respect either to the individual or any corporate body, such, for example, as the State.



6. The sanctions of the moral code are in the last resort inevitable, and result as a natural sequence upon man's conduct during this present life, which is called the period of trial or probation.

7. The true purpose of man's life is the attainment of his final perfection, which is unattainable in this present stage of existence. That full perfection of nature and grace can only be reached in the life hereafter.

Failure to reach this goal of existence is supreme disaster for which no possible advantage or gratification in this present life is able to compensate.

8. Our essential relations to God the Creator and lawgiver involve certain active duties which are summed up under the heading of Religion.

9. The noblest manifestation of divine action is to be seen in the Incarnation of the Word of God, who has bequeathed to us the rule and example of perfect human life.

10. The practical continuance of the Incarnation is contained in what the Catholic means by the Church with its doctrines, its authority, its hierarchy, and its sacramental system.

11. The truth is but one : and the truth which the Catholic holds or seeks is but one.

All truth is of God, and belongs to His divine system : consequently, every established *truth* is a part of a Catholic's intellectual system.

12. The spiritual riches of the Church are not for certain individuals alone, but for the race ; and the Church's action is based upon two similar maxims—the love of the Supreme Good, and the love of the beings whom He has created in love and reverence and redeemed through His Son.

Thus, these principles of human life differ immeasurably from the superficial and contradic-

tory opinions with which the non-Catholic world is encumbered.

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**PART II**

**THE ELEMENTS OF SOCIAL LIFE**



## PART II

### THE ELEMENTS OF SOCIAL LIFE

\* 15. THE material factors of social life are the individuals and groups which form the social body, the activities they exercise, and the forces which control them. Men, women, and children are the individuals. The natural groupings are the family, the clan, the tribe, the town, the State. To these must be added the religious and supernatural society of the Church. The activities exercised are those engaged in labour, its direction or its combinations, in education, etc., and, indeed, all the virtues which belong to right conduct. The controlling factors are numerous. In addition to the physical, physiological, and psychological laws by which all are consciously or unconsciously determined, our principal concern is with economic laws (governing production of wealth and its distribution), and especially with the moral law, the authority of the State and of the Church.

#### i. THE INDIVIDUAL.

The social unit or family being composed of separate individuals, its nature will depend upon

the nature of its component parts. The constitution and attributes, therefore, of the individual will demand our close attention.<sup>1</sup>

16. Every individual of the human race is a being made up of body and soul linked in the closest natural union. The soul, unlike the body, is immaterial and spiritual. The whole man is destined ultimately to continue his life in a world after this. From the Christian revelation we learn that the soul is sanctified in a special manner, and that man's future blessedness consists in the vision and enjoyment of God. This, after all, and not temporal prosperity, is his true destiny.

From this it follows that all men are by nature equal—in dignity of their construction, whereby a body is wedded to a spiritual and immortal soul ; in their origin, each soul being an immediate creation of God ; in their ultimate destiny, which is the everlasting company of God ; and in such essential rights and duties as flow from these primary facts. The natural capabilities of every individual consist in the powers of body, sense, intellect, and will. The body under proper condi-

<sup>1</sup> Around the traditional Catholic doctrine of the nature and dignity of the human personality, discordant cries have been raised to challenge and to contradict. The purpose of this primer is not to deal with these adverse opinions, or even to state the measure of truth they may severally contain, but rather to put forth the Catholic doctrine intelligently and simply. We therefore dismiss the thoroughgoing Materialist, who declares that man is merely sublimated matter ; the Monist, who proclaims him to be a mode of the divinity ; the Positivist, who pronounces man's present existence, or some posthumous glory after it, to be the only goal of man's striving ; the Utilitarian, who makes some form of expediency the rule of conduct. Those who desire to know the entire Catholic position on these points may profitably consult the works mentioned above, n. 14, § vi.

tions will grow to the full vigour of man or woman, with a persistence of force in successive generations which is one of the splendours of natural providence. The intellect, though its quality may vary in no small degree in different persons, is yet capable under favourable circumstances of a good average of attainments and real culture, such as we meet with in well-educated men and women. The will—notwithstanding the lower impulses, the constant drag of indolence, the blind impulse of sense, the attraction of harmful example, and the handicap of ignorance—is capable, under suitable guidance and with the divine help, of reaching a standard of moral rectitude which, even when not heroic, should compel the admiration of all.

17. These varied endowments will develop steadily when placed in a suitable environment. But it may happen that they are stifled, stunted, or remain simply undeveloped. Since, however, by their very nature they show they are meant to grow, they involve two things: (a) a natural claim against others to be allowed to grow, and (b) a natural duty of self-culture and of putting forth the necessary effort in the individual possessing them. These conclusions lead on to the consideration of rights and duties.

By a right we understand a moral power of action which is inviolable, or, in other words, freedom to act without interference, any such interference being described as a moral violation. Thus a right of way, for example, means power to use a road without let or hindrance; "right of entry" in educational matters means freedom to enter a school to teach religion; the right to live means freedom to use or enjoy the goods of this world, in so far as is required for the purposes



of life in each person, namely, development and final success. Hence, also, the right to food, clothing, shelter, education, labour, rest, and recreation.

Thus, the rights inherent to the living human subject are primarily these :—

1. The right *to live*, which involves (a) the right to be born (hence craniotomy and abortion are murder) ; (b) the right to preserve one's life and defend it, or, in the case of infants, the right to have that life preserved by others (hence the grave responsibility of parents for the proper nourishment of their children) ; (c) the right to maintain life at a true human standard by means of the requisite natural goods of proper food, suitable clothing, and decent housing.

2. The right *to be educated*—

- (a) in religion and moral good conduct (any one who realizes the purpose of man's existence and the supereminence of religion and moral goodness cannot fail to see that these rights are primary and necessary) ;
- (b) in a fitting measure of secular knowledge, without which a man is heavily handicapped for his life's work (hence the right to the advantages of primary, secondary and university education, according to circumstances) ;
- (c) in the craft, skill, and duties of some occupation, without which self-sustenance is ordinarily impossible (hence the claim to technical training. Hence, also, some limitation of hours of work is necessary, not merely on the ground of reparation of strength, but also on the ground of the right to self-culture).

3. The right to *the enjoyment of liberty* (in the degree in which this does not infringe upon an equal right in another) ; otherwise, the essential dignity of the human personality is degraded, and the individual hindered from self-development.

4. The right to *labour* : that is, the right not to be impeded in the just or reasonable exercise of one's powers. This does not mean that work must be found for a man by any particular employer, or even by the community, save under exceptional circumstances—for example, of distress ; but it does mean that the community is responsible for its economic and industrial system being so ordered that, under normal conditions, all employable persons may find employment. For the necessary goods of a country are for the inhabitants of that country, and the bulk of men can secure these goods only by labour.

5. The right to *rest and recreation*, so that the worker may live as a man, restore the strength expended in his labour and have a reasonable possibility of self-development.

6. The right to *perform his duties* towards a really present Creator, who made him and defined the object of his existence, and to whom he is daily a debtor for all he has. The exercise of this right, in order to be consonant with his twofold nature, should be both external or bodily, and internal or spiritual. This right is, of course, paramount, springing up from the very root of our being, and in reference to the greatest of all objects and man's own greatest good. Supreme, also, is the right to *follow conscience*, as this is the only means of performing virtuous actions and so of tending towards our final destiny.

18. The above rights spring from the very

constitution of man, and are in no way due to the enactment or concession of society. They are the essential claims of the individual elements of which society is built up ; for society consists of men, and men come before society. Even the family comes before the more comprehensive society of the State. These rights are a part of the natural capital of each individual. He cannot surrender them ; nor can they be taken from him by the act of any other individual or society, save under quite special circumstances and by the intervention of some higher law, such as the *manifest* good of the community. Some rights are so personal and inalienable in their character that under no conditions whatever can a man lawfully be deprived of them ; such, for example, are the right of conscience and the right to practise religion.

Of the rights which accrue to a man by law, by concession, or what not, such as legal rights, customary rights, the right to the actual possession of property, it is not necessary to speak in this manual.<sup>1</sup>

There are rights which are *inborn*, as the right to live, to defend one's life ; the right to health, education, religion ; and there are rights which are *acquired* by some added circumstance or relation, as the rights of parenthood, of ownership, of the employer or the workman.

Some rights are *inalienable*, that is, they cannot under any circumstances be abdicated or taken away, as the rights of conscience, the right to do work. Rights are called *alienable* when, under

<sup>1</sup> See J. Rickaby, *Moral Philosophy*, Part II, chap v. (Longmans). *Law without Lawyers* (Murray). W. S. Lilly, *A Manual of Law specially affecting Catholics* (Clowes & Son).

certain circumstances, they may be resigned or annulled: thus, under given conditions, a man may choose to lead a single life, or relinquish his property, his life may be taken, his liberty curtailed, or his property confiscated.

The above mentioned rights imply corresponding duties in ourselves or other persons, and they determine consequently many of our social relations. Thus, to preserve human life is a duty in him who enjoys it, and in those who are guardians, for example, of the life of a child. Life is given by the Creator as a sacred trust; and a man has no right by any act of his own to limit (for instance, by suicide) the period of moral probation on earth.

But because life is one of the greatest of man's goods, it becomes a question how far one may expose one's life to the risks of aviation or other dangerous pursuits, of infection, or of perilous surgical operations. Cases can be decided only on their individual merits.

19. Among the chief duties of mortal men is—

### *The Duty of Working.*

Some form of productive or servicable activity is obligatory upon all. As a means of obtaining a livelihood it is a strictly divine precept.<sup>1</sup> As a protection against moral, intellectual, and physical atrophy, it is a necessary consequence of our human condition. Some form of service is a duty which every man owes to society, of which he is a component part. The less he is compelled by necessity to do for his sustenance or pleasure,

<sup>1</sup> Gen. iii. 19.

the more he is dependent upon society to do work for him, and therefore so much the more is he a debtor to society. As a responsive human element in society he is called upon to play his part in the up-building and preservation of the society to which he belongs. The freer appears the position of the wealthy from common burdens, the more is it obligatory upon them to avoid the scandal of idleness. Finally, for the greater number of the rich some profitable occupation is imperative, in order that they may escape the imputation of enjoying what they have never deserved.

From this it will be gathered that a person who is in the enjoyment of independent means is in no way exempted from the common duty of work. And as a matter of fact, many persons of private means devote their time, their energy, and much of their substance to charitable and public services in a most exemplary manner.

All, then, are under the duty of working, *i.e.*, doing some good, either by "producing" something (as the workman does) or instructing, as the teacher, or rendering service, as the members of the various professions or of the leisured classes, or alleviating or preventing evil, as in charitable action. We therefore must view the position of the "work-shy," whether the tramp or those of the rich who are also idle, as anti-social.

We may go on to draw the further inference that all are under some obligation to cultivate the mind—a work, which demands time and opportunity for self-improvement. Still more is every one bound to cultivate his will by the practice of virtue, such, for example, as kindly feeling, forbearance, generosity, courage, self-control, temperance.

20. This suggests some reference, however

brief and superficial, to the wide subject of good and bad actions. Good or bad actions when frequently repeated become fixed or habitual, and are then called virtues or vices, as the case may be. Conduct, manners, education itself, are bundles of habits. This being so we can see the supreme importance of establishing, or, as we say, "forming," the right kind of habits. But this serious and fascinating topic can only be mentioned here. Its proper place is the science of morals. Still, it concerns us to pass in swift review some of the virtues which admit of being described as typically social ; among such may be named : esteem and appreciation of others ; a keen sense of the way in which actions or events affect the well-being of others, or the reverse ; justice and equity in the payment of servants ; fairness in a bargain or treatment ; generosity of spirit in action ; the control of one's impulses ; interest in the work of others.

Among social vices we should reckon : selfishness ; greed ; waste ; extravagance ; excessive gambling ; adulteration of goods ; incitement to immorality by books, pictures, or suggestions of any kind.

The above examples are far too meagre to be of much practical service ; they may, nevertheless, direct our attention to the fact that a very great number of virtues or vices do immediate good or harm to the social organism. Some people only think of these things as affecting themselves. There are few, if indeed any, moral actions which do not react upon the community.

Virtue in its various orders and degrees of excellence is the true glory of man. Along with the loftier expressions of perfection there are also the plain and homely virtues ; for instance, the

moderate desire of temporal success and domestic comfort, the pursuit of a reasonable freedom, the desire for suitable enjoyment. A desire for wealth, as such, easily becomes morbid, and takes on either the quality of miserliness, or of a desire for luxury, display and idleness.

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## ii. THE FAMILY.

### i. *As an independent Society.*

21. The family group is the true unit of society and the source of all other social groupings. This primary association is called domestic society, as belonging to hearth and home, and it presents three forms. First, the married pair, the object of whose union is the procreation and education of children, their own mutual help, assistance, and support. Next, by the family is also understood the offspring living under parental care and authority. And thirdly, the family in the sense of the household signifies a group of persons living under one superior and united by the bonds of kinship or service. Here we see the family includes not alone blood relations but also servants and dependents.

Common usage frequently combines the married pair and their offspring under the name of family, as when we say there are so many families in a town.

The existence of the family depends upon wonderful and permanent laws of nature, both physiological and psychological. Besides the divine interposition in the creation and infusion of the spiritual soul into the newly formed body, we must note the providential attraction of sex for sex, and the instincts of parental and conjugal affection and self-sacrifice.

The institution of marriage has at all times been invested with a sacred character. For the Christian it is a divine institution, and has been raised by Christ to the dignity of a sacrament. Family life entered upon a new order when Christ peremptorily restored and re-established the unity and permanence of marriage. This brought to woman an honour previously unknown. "Free love" in any of its forms was absolutely proscribed.

The Christian religion confirmed the dictate of reason as to the order or ranks of father, mother, and children. Children must obey their parents, the wife, *qua* wife, be subject to her husband, the husband love his wife. The members are therefore, as members, unequal, and the father is constituted the head of the family.

The imperative prohibition of divorce secured the stability of the family and the position of women, who might not any longer be held as chattels.

The family is the primary product of nature, and is self-contained. Into the family the State has no right of entry except to maintain rights not otherwise defensible. The children, until they grow up, belong to the parents, as being a part



and a continuation of themselves. The parents are the natural and primary educators of their offspring, with which they are united by the strongest ties of affection. All alike must reverence the sacred enclosure of the home, and not enter it unbidden.

22. The State has no right whatever to assume the care of a child's education, except in the event of parental inability or neglect. Even then the public authority must discharge its duty of acting in default of the parents with due respect for the inalienable rights of parents in the education of their own offspring. And let it be observed that no State dare arrogate to itself the right of educating any children save those of the poor. Consequently, in certain current theories of education we encounter another and specially odious form of oppression of the weak. The significance and influence of family life cannot easily be overestimated. The devotion of an intelligent mother provides for the welfare, both physical and intellectual, of the children, for the proper sustenance of the breadwinner, for the comfort and happiness of all. The husband applies his strength, activity, alertness of mind and body to productive work or useful service, that he may support his wife and his children. The moral order is safeguarded by the stringent obligation of conjugal fidelity. The economic advantage of the community at large is promoted by the regularity, steadiness, and thoughtful industry of the husband engaged in providing for his home.

The family is the chief instrument by which the law of duty is impressed upon the mind and heart. It is the field where progress in virtue and manners is unceasingly practised. Through the family civic spirit and patriotism are fostered.

In the family should daily be learnt and exercised the virtues of obedience, orderliness, generosity, probity, honour, industry, self-sacrifice, all of which are indispensable for the general good of the community. The most effective educator of man is the family. A good home is the nursery of individual and civic virtue.

Though this is an ideal, it is not impossible. Instances of failure ought not to discourage, but to impel us to apply a remedy.

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### 2. *The Family and the State.*

23. Man is now born within the confines of some State. The family is established, under the jurisdiction of some civil authority, but historically the family preceded the State and gave it being. The State was founded and exists for the benefit of the family. It is not an end, but a means. It is not a person, but a collection of persons, a collection which has been formed for

the advantage of each and all the persons, not the persons for the collection.

Nevertheless, the State as well as the family arose from the ordinance of the Author of nature. The family springs into existence and is nurtured by various and wonderful natural laws and instincts. The State, on the other hand, is called into being by moral and economic needs. Both are necessary. Without the State no family can arrive at the full development of its capacities. Without the family the State is impossible.

Notwithstanding this mutual dependence, the difference between the State and the family are radical and enduring. The primary purpose of the family is the propagation, the perpetuation and education of the race ; the purpose of the State is the defence of the rights of individuals and the provision of such means of temporal or other advantages as may be best or can be supplied by the ampler resources of the public purse and authority. The family emerges from the innermost springs of life ; the actual form of the State is an outward expression of the free choice of men. The family consists of parents, children, and household dependents ; the State is an aggregate of families, with spacious geographical divisions, such as provinces, counties, districts, cities, parishes, etc.

The authority of the family is simple, direct, paternal. The authority of the State is manifold, and receives its form and extent (within the limits of its proper subject matter) originally by the voice of the people. The bonds of the family are conjugal affection, love of offspring, and filial piety. The bonds that hold together the citizens of a State are love of country, race, and institutions. The obligations of family life are primary,

springing from the very cradle of human life. The obligations arising out of the action of the State are secondary ; that is, they exist by reason of the divine concession of authority to the civil constitution which has been determined by the common consent of individuals.

24. The rights belonging to the family are inalienable and prior to any right possessed by the State. Still, no one now questions the competence of the supreme power to interpose in the family for the protection or the proper realization of its natural endowments. On this ground marriage is subject to the legal conditions of witnesses and registration. Births must be officially recorded. Children must be vaccinated and sent regularly to an approved school for a fixed period. Boys and girls in the primary schools may soon be required to attend continuation or technical schools up to a certain age, and are actually prohibited from factory work or street trading. Inspectors visit the home. Sick members of the family are removed in special cases for suitable treatment. The children are medically examined, and, on the order of the local authority, are treated clinically. The children of the very poor have meals provided for them at the public expense. These and many other statutory interventions within the circle of parental rights are justified by public necessity, that is, on account of the negligence or inability of parents to perform the proper duties of their charge.

In many cases, however, the intrusion of the State into the domain of the home has had disastrous results. We have to deplore the secularization of the sacrament of marriage, and the consequent law of divorce. State education in England is practically secular ; its complete and obligatory

secularization is arrogantly desired by many, while the administration of the department is not infrequently irritating and tyrannical.

On the other hand, we have instances of the blindness and inactivity of legislators in the inadequate laws for the suppression of the white slave traffic and immorality, the defence of the workers against the greed of the employer, or the unfortunate borrower from the rapacity of the money-lender.

### 3. *Social Groups.*

25. We have observed how the family, with accretions from without, expands into the hamlet, the village, and the town. These simpler forms of association are the beginnings of a State. Identity of race, language or dialect, of tastes and customs, the physical character or products of the land, the prevalent industry, bind a people together by common interests, pursuits, and enjoyments. The very memories of persons and events, the traditions of lake, river, or mountain, nay, the very sports, and, above all, the religious associations and relations of a district differentiate one locality from another and from the country at large. England has its cotton and wool districts, its coal areas and pottery towns, its Black Country, its hop and horticultural districts, its localized industries of lace, glass, nail-making, chain-making, boot-making, etc.

These characters, interests, sympathies, tendencies, advantages, or disadvantages require appropriate treatment, which, as experience shows,

is, as a rule, best supplied by men living on the spot. The prosperity and happiness of the Middle Ages owed not a little to enlightened local government. Fortunately, the principle is now well understood in this country, and a generous discretion is allowed to local authorities for the development of the area under their jurisdiction. In this connection Birmingham, Bradford, and Liverpool may be instanced as examples of energetic municipal activity. Local government in England, nevertheless, needs simplification. There is much overlapping both of territory and of functions. For our immediate purpose it will be enough to have mentioned the leading forms of local government: the town with its Corporation (mayor, aldermen, and councillors); the Urban and Rural District Councils; the Unions; the County Council.

In administrations of this kind should be securely enshrined the liberties of a people.

26. Parallel with the growth and fixation of the various industrial groupings there have appeared and expanded widely certain well-marked classes, which are somewhat vaguely described as upper, middle, and lower. Their formation has been as spontaneous and gradual as the rise of town, village, and county. Any rigid delimitation of classes is unnecessary and undesirable. Roughly speaking, the upper class, including the nobility and gentry, will be distinguished rather by rank and lineage. The middle class will comprise those whose distinction arises not from honours or birth, but rather by reason of wealth, education or comfort, such as the well-to-do farmer, manufacturers, business men, the professional classes. By the lower class is understood the vast number of those who live mainly by the fruit of their

labour and are in this country practically without landed or other capital.

A class may degenerate into a strictly enclosed section of the community, excluding all admission except by birth, as in the castes of India. Inheritance, on the other hand, while preserving a class, may not be the only means of entrance, as with the nobility and gentry of Christian Europe. The French Revolution attempted to extinguish the idea and the instinct of class, the one designation of "citizen" being nominally retained; yet new classes have replaced those of the old régime. We have the ruling class, an aristocracy of wealth, an educated and independent class, the professional classes, a disinherited and dependent proletariat.

Classes reveal the texture of society, and give rise to organization for the protection and advancement of their respective interests. And provided that due regard is shown for the equal interests of other classes, organizations of this nature cannot fail to promote the advantage of all. Nor need the true interest of classes be incompatible or hostile. If properly guided the classes co-operate mutually and harmoniously for the general good. Their joint activities promote the health and vitality of the whole organism. On the other hand, hostility serves to bring on social weakness and misfortune. Class abuses there have always been, yet certainly in the Middle Ages the benefits derived from the guilds and corporations far outweighed the disadvantages. For some centuries no doubt class distinctions have often grown odious. The upper and upper-middle classes have often shown themselves harsh, haughty, selfish, unsympathetic, and the lower have been sometimes resentful and insubordinate. This is not the place to strike the balance of history in this matter. Still, it

must be admitted that a prudent intervention of the supreme power would seem desirable in order to safeguard the rights of the different classes—to forestall or correct the tendency to exclusiveness on the part of the more favoured classes, to foster but not to form the various orders of the social hierarchy. For since classes arise by a natural evolution of society, they may be wisely left to their own spontaneous development when circumstances favour their appearance.

A class, as is now well recognized, is a source of strength to its individual members, who by themselves are usually powerless. The great masses of working men and women will act wisely in combining within the limits of their own particular industries and under the wider categories of agriculture, crafts (or skilled labour), and unskilled labour, or as farmers, artificers, or labourers.

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#### iii. THE STATE.

**27.** The third main social group is the State. By the State is meant the commonwealth—the people and the authority. In this sense the State may be described as an association of numerous families for the protection of individual rights and the advancement of the good of all.

Families and individuals are the material elements of which the State is composed. The



association of these elements for the good of each and all is the constituent force. The authority of the supreme power is the directive and controlling factor. The protection of rights and the furtherance of progress are the objects for which a State exists and is invested with its unique authority.

This leads us to another aspect of the State, whereby it is conceived as a power over the people. It is this particular aspect which will chiefly engage our attention. With the State as an abstraction we have nothing to do. For us the State is an all-embracing authority, something real, concrete, and operative.

It does not fall within our plan to discuss the interesting, if somewhat remote, question of man's natural impulse to seek the companionship of his fellows, whether in the family, the tribe, the race, in town or in country. Neither do we suppose that any existing form of government approaches ideal perfection, or has always enjoyed its present stage of development. Our purpose will be amply served when it has been made clear what are the essential functions of the civil State.

Man, when isolated, is inefficient and incapable of progress. And, abnormal characters apart, all men seek the affections of kith and kin ; all are eager for the companionship of others of their own age and tastes. They combine their forces to withstand danger or resist encroachment. Civilization, in whatever form, is the outcome of association. Security, comforts, education, recreation, regular employment, the arts, the sciences, and a thousand other things come of close and carefully organized association.

No group or society can be imagined whose parts are not linked up by some constraining influence. Without a bond to unite and a power

to control, all is anarchy, confusion, and dissipation of energy. Without some inspiring principle a Babel of voices arrives at no conclusion. Selfishness and the right of the stronger would alone hold sway, and oppress the weaker into submission. Nothing would be publicly provided, since it would be the business of no one to think about the needful provision for all. Who would arrange the network of roads, the services of lighting or of water? Who would undertake our foreign relations, and who abide by any if such were established? For the many some few must think, some must decide, some must execute these decisions. In other words, there must be authority. That authority must be effective; and an effective authority in civil matters is the State, or the supreme civil power. That authority in the last resort is bestowed by Him who established the race of men with its tendency to association. "There is no power but from God" (Rom. xiii. 1).

Given a real and organized public authority, the question at once arises as to the character and extent of its functions. What is its exact purpose, and what may it do in order to accomplish that object?<sup>1</sup>

28. *The Object of the Civil Power.* (1) Mention may be made in passing of that conception of the State's authority, which invests it with a mystical splendour, idealizing it beyond the warrant of experience, and making it the immediate and proper instrument of all social perfection, and, in the minds of some, an end in itself. Against this extravagance we set the view of common sense, the view which, with differences no doubt, has commended itself to the bulk of mankind.

(2) The existence of the State is determined

<sup>1</sup> See J. Rickaby, *Moral Philosophy*, Part II, chap. viii.

by those who, when it is once founded, become its citizens. The power of the State is from God, the Author of nature, in whatever particular form of government that power may be exercised. But supreme though it be, it is the servant rather than the lord of each and all. Man comes first, and, impelled by his sense of many wants, he sets up a State to supply them.

(3) We are brought at length to the common and general object of all States alike. Let us first possess ourselves of the idea that the authority of the State is not for itself, or for some public good as distinct from the good of the individuals. It is expressly and exclusively for the benefit of individuals as forming and belonging to the State. Thus the health of each, his good behaviour, his culture, the prosperity of the family, security of person and property, general tranquillity, are means directed to the advantage of the State, and indicate that the State in securing them exists solely that the greatest possible number of those who compose it may enjoy those goods in the largest measure possible. This attainment of material and temporal welfare is subordinated by the laws of nature's hierarchy to the final object of each man's life and striving, namely, the beatitude of a future existence.

(4) The general object then of the State is the welfare of the people at large. The constituents of personal well-being, it should be noted, are obtained by personal effort : these are food, clothing, housing, furniture, education, recreation, a career in life. Private well-being consists not in the possession of many things, but in the possession of the right things, especially a material competence and the moral virtues. Those who know what life is will tell you that the greatest happiness and virtue

are not found in riches, but in conditions of frugal comfort. "Gain is not godliness, but godliness with contentment is great gain" (1 Tim. vi. 6).

On the other hand, the State provides those things which the individual could not supply, or could not supply efficiently. The public authority ensures peace and order. We see this in the police measures for the suppression of riot or disturbance, or in the arrangement of queues for trams or places of public assembly. By the naval and military forces it defends us against molestation from without. It maintains a constant watch by its coastguard. It protects its people against the incursions of Nature, as by dikes in the fen country, by breakwaters, as at Holyhead and Dover, by drainage, by pumping grants, as in the Black Country. It guarantees the security of life and property by the infliction of severe penalties for crime. Few, however, would be content if the civil administration were restricted to such negative operations as the prevention of injustice, invasion, riot, or inundation. Members of the commonwealth everywhere demand more from the civil power, and more is everywhere provided. A few headings of this public assistance will be suggestive of many others. The right ordering of industry (by the Factory Acts). The provision of certain universal services (postal, telegraph, telephone, and, in some countries, the railway service). Higher education; technical schools. The care of the necessitous sick in hospitals and sanatoria. The care of the poor in default of voluntary assistance. The Land Purchase facilities in Ireland and the aid granted for the building of cottages. The National Insurance Act.<sup>1</sup>

<sup>1</sup> See J. Rickaby, *Moral Philosophy*, Part II, chap. viii. s. 10.

**29. State Interference.**—State interference may be described as legislation affecting action or conduct which appears to be outside the sphere of the general and political activity rightly attributed to the State.

The nature and extent of the State's legitimate activity will depend upon the specific purpose or end for which the State is supposed to have been constituted. No one will call in question the assertion that the purpose of the State is the common good of all its members. "The foremost duty of the rulers of the State should be to make sure that the laws and institutions, the general character and administration of the commonwealth shall be such of themselves as to realize public well-being and private prosperity" (*Rerum novarum*, p. 24 (31)).<sup>1</sup>

Here, then, we must notice the position of the State with reference to the individual, the family, religion and the moral law.

The primary object of the civil authority (namely, the common good) presupposes and includes the constituent elements of the individual and the family. Both are prior to the State. Both possess inalienable rights. Their advantage is the very object for which the State with its authority has been called into existence. "The State must not absorb the individual or the family; both should be allowed free and untrammelled action so far as is consistent with the common good and the interests of others" (*op. cit.*, p. 27 (33)).

The action of the State, moreover, is subordinate to the higher and broader principles of religion and morality.

**30.** In its own proper sphere the State exercises

<sup>1</sup> *Rerum novarum* is the usual designation of Leo XIII's Encyclical on *The Condition of the Working Classes*.

a twofold power, (1) the preservation of peace and the protection of right ; and (2) the promotion of the material prosperity of its members.

(1) All are agreed that the first duty and specific right of the State is to preserve peace and order in the community and to secure to each and all their rights. In this connection the words of the Encyclical are important : " Whenever the general interest or any particular class suffers, or is threatened with mischief *which can in no other way be met or prevented*, the public authority must step in to deal with it " (*op. cit.*, p. 28 (34)). It will then fall within the province of the State, under the conditions mentioned, to enforce the natural law (for example, the payment of debts) and to determine the application of that law to particular conditions (for instance, in forms of agreement). All classes of the community come within its jurisdiction, but it is most called upon to help those who are the least able to look after their own interests. (*Op. cit.*, pp. 25-6, 28 (31-2, 34)). Thus, in agriculture, it would be within its competence to restrain the growth of over-large properties (*latifundia*) and to preserve the balance between large and small proprietors. In the same way it might seasonably intervene for the preservation of the equilibrium of trade or industry by legislation for the control of trusts, monopolies, prices, and over-production. The State has intervened in defence of morality and the rights of the individual or the family in regulating the moral conditions of labour, in checking the white slave traffic, in establishing Sunday closing, a weekly half-holiday, suitable hours for meals, housing, etc.

(2) The promotion of material prosperity is indirectly secured to some extent by the provisions just named, but the general opinion among Catho-

lics warrants the State in proceeding further in the advancement by direct legislation of the welfare and prosperity of the community. "A State chiefly prospers and thrives through moral rule . . . the progress of the arts and of trade, the abundant yield of the land—through everything, in fact, which makes the citizens better and happier. Hereby, then, it lies in the power of a ruler to benefit every class in the State . . . and this in virtue of his office, and without being open to any suspicion of undue interference—since it is the province of the State to consult the common good " (*op. cit.*, p. 25 (31)).

The material prosperity of the people arises normally from individual and corporate activity and initiative. Under ordinary circumstances, therefore, the State should not undertake the initiative or the conduct of industry or trade, since individuals have the inalienable right to do this for themselves. Nevertheless, the State ought (1) to remove obstacles in the way of economic progress by taking off unnecessary burdens, or restricting harmful foreign competition ; (2) to protect trade or industry in exceptional cases and with prudence ; (3) to stimulate, encourage, or facilitate corporate or economic developments by means of professional education, exhibitions, recognition of skill or enterprise, improvement of the means of transport or by loans.

The State should, however, be careful to guard against the danger of an unduly numerous body of officials, for the tyranny of a bureaucracy is of the worst kind. To sum up briefly the principles of State interference in the industrial or economic development of the nations we may lay it down that the State will only intervene (1) in default of other agency, or (2) where there is some special

reason for unity of method, or (3) on account of a well-grounded fear of abuse, or (4) when some particular and important public advantage is to be gained.

31. A few typical instances of the State interference may prove suggestive to the reader.

- I. *Religion*.—The conscience clause in institutions. Freedom of worship (*op. cit.*, p. 25 (34)).
- II. *Morality*.—Prohibition of bad language, indecent assaults, perjury.
- III. *Education*, primary and secondary, professional, technical. Granting charters to Universities.
- IV. *The Family*.—Assistance and defence of the rights of its members, p. 10 (18).
- V. *Agriculture*.—Loans. Prevention of infection. Compulsory sale of land.
- VI. *Industry*, where it may facilitate agreements between capital and labour or maintain an equilibrium between demand and production.
- VII. *Labour*.—Promoting its general advantage, because its members are weak, p. 29 (35), and because they deserve well of society: "it is only by the labour of working-men that States grow rich" p. 27 (35). "They who contribute so largely to the advantage of the community (should) themselves share in the benefits which they create" (*ib.*). The State should encourage industrial and professional associations, watch over the conditions of labour, p. 29 (34), as to age,



sex, hours, p. 33 (38), hygiene, pp. 28-9 (34-5), safety, morality, rest, p. 29 (34), religion, pp. 21, 28, 32 (28, 34, 37); nor should it neglect the conditions of labour in the case of men, especially in dangerous and responsible occupations. Hence the justification of factory, workshop, and shop legislation. The State, however, has no right to proceed further than is required for ensuring the removal of an evil. Neither is it ordinarily the office or within the powers of the State to provide labour, nor to pay wages or rent, nor to supplant individual effort, nor to establish associations. On the principles referred to under IV and VII we shall be able to understand how far the action of the public authority may be justified in recent legislation with regard to Liability of the Employer, Old Age Pensions, Labour Bureaux, Insurance against Sickness, Invalidity, or even Unemployment.

VIII. *Finance*.—Establishment of banks (*e.g.*, Savings Banks). Defining limits of interest. Determining the official character of certain funds.

IX. *Services*.—Defensive, diplomatic, administrative, judicial, municipal, etc.

X. *Subsidies*.—The State should only make grants (for example, in Agriculture) when some real necessity demands them (as for Land Purchase, or compensation for beasts slaughtered during an epidemic).

XI. *Destitution*.—The State should step in to relieve or to prevent destitution when the exigencies of the situation cannot be met by voluntary effort ; as in the case of epidemics, widespread destitution and poverty, as in large cities, or at a period of acute distress.

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#### iv. THE CHURCH.

**32.** From what has already been said, we know that civil society is a true society, designed by the Creator, invested by Him with authority, and adapted to the temporal well-being of mankind.

The Church is a society expressly founded by the God-man, Jesus Christ, whereby men may achieve the supreme and final end of their existence, that is, complete happiness after this present life.

The Church has her place and work in social matters. "The office and mission of the Church is to school mankind in the precepts and teachings of the Gospel, and by safeguarding the integrity of the moral virtues (such as justice, diligence, sobriety, honour) and the exercise of the Christian virtues (faith, hope, charity, humility, etc.) to lead men to that happiness which is held out to

every one in heaven " (*Pope and People*, "The Reunion of Christendom," p. 257 (229)). The Church is the oldest of social institutions. She is the most devoted of social workers, as the records of her history testify. Her experience is the most complete, for it includes all centuries since the days of Christ, all phases in the formation of our civilization and all countries. She claims, moreover, that her intervention is necessary. "Doubtless this most serious question demands the attention and efforts of others besides ourselves—to wit, of the rulers of the State, of employers of labour, of the wealthy, aye, of the working classes themselves. But we affirm without hesitation that all the striving of men will be vain if they leave out the Church " (*Rerum novarum*, p. 12 (20)).

The action of the Church is felt powerfully in the contrast she presents with the insecurity and changeableness of false opinions. She has in all times been the uncompromising defender of the doctrines entrusted to her keeping. With a weakening of belief in the supreme lordship of God, there follows inevitably a weakening of belief in any inherent authority of the State. The public authority becomes nothing more than the power of a majority—a majority in Parliament controlled by a party, a majority at the poll secured by a caucus. With no future consequences, no more imperious moral obligation than attaches to one's own opinion, why should a man put up with the unequal doles of happiness which everywhere prevail? Such an inequality is the deprivation of the very purpose of his existence, namely, personal and complete happiness. "Exclude the idea of futurity, and forthwith the very notion of what is good and right would perish " (*Rerum novarum*, p. 16 (23)).

**33.** The Church is the safeguard of right conduct. She is inflexible in her enforcement of the obligation of the moral law, and particularly in matters of honesty, truth, sexual morality, and brotherly love. Without this obligation we have nothing more than legal enactments framed by men and enforced by physical penalties. Only the will of God can place a man under the binding constraint of moral conduct. To guard the moral code by word and example is the special function of the Church. A specimen of her social teaching occurs in the *Rerum novarum* :—

1. She bids the employer

(a) Not to look upon the workman as his bondsman, but to respect him, for his labour is honourable.

(b) Not to exploit him, or gather profits out of the needs of another—a thing “condemned by all laws, human and divine,” p. 15 (23).

(c) Not to cut down his wages, for “his great and principal duty is to give every man a fair wage,” p. 15 (23).

(d) Not to overwork him.

2. She warns the man of wealth that “it is one thing to have a right to the possession of money and another to have a right to use money as one wills.” St. Thomas Aquinas lays it down that “Man should not consider his outward possessions as his own, but as common to all, so as to share them without hesitation when others are in need.” “Such is the scheme of duties shown forth by the Gospel : were society permeated with these ideas, strife would quickly cease,” pp. 17-18, (25-7).

Religion is the inflexible champion of justice between employer and employed. Religion

ardently promotes a sense of equity and a brotherly feeling among all.

Certain systems in vogue make much of the idea of public assistance; but religion is the supreme force. State assistance of the indigent is proverbially cold, formal, official, and has led to the debasement of the sacred word "charity." The Church's aid to suffering humanity belongs to an entirely different order.

Finally, we may not forget that the Church is also an economic force. A frequent slur against her has been heard in certain quarters that the business of the Church is with the future world, not with the one that now is. On the contrary, one has only to point to the progress and prosperity of the Middle Ages in the crafts and agriculture. This was brought about under the action and inspiration of the Church. The same is true to-day wherever the Church is free to exercise her initiative and direction. "Neither must it be supposed that the solicitude of the Church is so far occupied with the spiritual concerns of her children as to neglect their temporal and earthly interests. Her desire is that the poor should rise above their poverty and wretchedness, and better their condition in life" (*Rerum novarum*, p. 22 (29)).

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**PART III**  
**ECONOMIC RELATIONS**





## PART III

### ECONOMIC RELATIONS

**34.** Social life is made up of many elements, chief among which are religion, morality, economics, and political action. Having explained the social relations which spring from religion, morality, and incidentally from political action, we proceed now to the task of examining the economic order and the social relations which are everywhere involved in it.

The main questions in economic life have reference to production, distribution, and consumption. All three are in different ways concerned with the goods which support, cheer, and embellish our lives. These innumerable goods all alike come from Nature's store. Nature furnishes the materials of which everything is made. The skill of man transforms the raw material into objects of utility, as cloth, or of pleasure, as musical instruments. The earth is fertile, but its fertility must be compelled. It contains unimaginable treasures, but they have to be laboriously extracted from its recesses. The riches of earth, sea, and atmosphere are inexhaustible, but they can only be brought into use by means of some form of activity applied to them. Even the variety and perfection of our food products, and the glorious array of flowers,

vegetables, and domesticated animals, represent what man has done to bring the vital capabilities of nature from a wild state to one of cultivation, and, therefore, of immeasurably greater usefulness.

### Section 1.—PRODUCTION

#### i. GENERAL NOTIONS.

**35.** Production is the act of creating a useful commodity, or of increasing the usefulness of some existing thing. Thus among products we have a piece of furniture, a bar of iron, a stove, a poem, or a sonata.

A useful object is one which confers some benefit or advantage, and corresponds to some need or desire, as bread or a concert.

The object, then, of production (or, the thing produced) is a result of one form or other of human industry and is destined to supply some human need.

A need or *want* finds expression in a desire which is supplied or gratified by the presence or enjoyment of some suitable good. Man's life is a succession of wants, of which some are the natural and indispensable requirements of a healthy human existence, as food, fuel, clothing, and recreation. Other needs are the result of development, such as the need of fashionable articles of dress, of special games, and delicately prepared food. To these may be added the eagerness for the enjoyment of those satisfactions which are the delight of the pleasure-seeker, the collector of rarities, or the devotee of the arts.

Each separate good is an element of social *wealth*, and is, strictly speaking, economic wealth.

By wealth, then, is meant first a good which corresponds to a need. When a man has food, home, clothing, etc., and a reserve for future contingencies, all his needs are satisfied, and he is wealthy. When a man's needs are unsatisfied, he is said to be in want. So by the production of wealth we mean the production of those goods which are necessary to satisfy the reasonable wants of the community.

Still, it should be observed that the usual acceptation of the words riches and wealth implies a superabundance of temporal satisfactions or of the means of procuring them.

A *good* is something desirable, either because it is necessary, as garments or food, or otherwise serviceable, as a ladder, or as giving pleasure, as a pianola, or as possessing some excellence, as a work of art, or as gratifying some personal taste or fancy, as old port or old china.

No one will be surprised to find that the classification and description of these countless goods of nature and man's industry is somewhat complex.

Thus goods may be *common* or *free*, that is, incapable of appropriation, like the air, sky, sun, or sea ; they may be *economic*, that is, capable of being appropriated by individuals, like a horse, a carriage, or a plot of land.

They are also divided into *real* goods, those, namely, which are useful material objects, such as boots, visiting-cards ; and *personal* goods, or goods which form a part of the individual himself, like health, strength, beauty. They may be *material*, as those just named, or *immaterial*, like skill, reputation, character.

**36. Value.**—The circumstance that many goods at least are acknowledged to possess a value intro-

duces us to another important class of ideas.

Value means worth. Worth implies an equivalence to something, often its price, as this book is worth 1s. Or it may be described as the qualities (the get-up and the interest of the matter) which are the ground of the equivalence. Thus it may rightly be expressed as the relation of an article to its price: 1 lb of sugar is worth 4d. More accurately we think of value as the comparative desirability of objects: for example, the desirability of the book as compared with the desire not to spend the money asked for it. Hence we say: "The *book* is worth your money"; or "You have got your *money's* worth."

This essential quality of desirability depends upon several factors:

(1) On the intrinsic qualities of the object, for instance, the peculiarly adaptable properties of metals like gold, platinum or steel;

(2) On the added qualities which labour and skill have embodied in the metal, as in a knife, a coin, or a statue;

(3) On certain external conditions such as rarity, antiquity, associations. Thus age may considerably enhance the desirability of an object, as in the case of a manuscript, or a picture. Similarly the rarity of an object will in many cases notably increase its value, as for instance in the case of a diamond. For there are persons who desire to be the privileged owners of objects which only a few can afford to buy. But in every case the particular attractiveness of the objects in question is what makes them valuable.

And further: value, to be effective, implies a greater desirability in one good than in another; or they would be simply equals, and no exchange could take place. Whereas in speaking of value,

we are commonly referring to the value of things in exchange ; and if so, one of the two things compared is regarded as really of more actual value than the other. Thus the 7*d.* paid for the Nelson classic is more desired by the seller than the book (which he willingly parts with) ; and the book is more desired by the buyer (who sacrifices his 7*d.* to secure it). Hence value is the outcome of an estimate which may differ from mind to mind, so that wherever an exchange of values takes place, the object acquired by each side is considered as more attractive or more desirable than the object parted with. When an article is said to be of no value except to the owner, the same comparative estimate exists in the mind of the owner. The object has various features very attractive to him, but which he deems would not be attractive to any one else.

This economic value of the various objects we have just now mentioned presents many aspects, each of which is important and calls for some explanation.

Foremost among these is the *use-value*, that is, the desirability of some commodity for the purpose of putting it to use. Clearly a rented house, a hired boat, a motor-car or a fountain-pen are all of appreciable value for the usefulness they respectively afford, either to the tenant, the hirer, or the owner.

And here it may be well to remark that common goods, though not precisely economic, like the air, the rain, and the frost, have great use-values.

The *exchange-value* (which is sometimes called the *social-value*) is the desirability of an article as prompting the sacrifice of some other advantage in order to secure it. The goods displayed for sale in shops exhibit prominently this exchange-

value, which is usually indicated by the price marked on a label.

Common or free goods have no exchange-value, since they are at the disposal of all without the need of any sacrifice to obtain the use of them.

The *marginal-value* is the degree of desirability in the last portion of some homogeneous and divisible commodity. Suppose, for example, that the desirability of water be represented in this way, viz., that the price I am willing to pay for the different uses of water is as follows: Drinking, 5; cooking, 4; washing, 3; scouring, 2; flushing, 1. Suppose the price of water to be raised: Drinking, 6; cooking, 5; washing, 4. In this event I cannot get water at a lower rate than 4. Consequently I forgo the use of it for scouring and flushing. Should it go up still higher—say, drinking, 8; cooking, 7—I might forgo the use of it for washing for a time. In this example the three marginal *values* respectively are the prices for flushing, washing, and cooking. They are also the marginal *uses* to which the commodity is put under the existing conditions of price. We may also observe that each of the uses to which the commodity is put (drinking, cooking, washing, scouring, flushing), represents various degrees of desirability. Thus I must have water for drinking at whatever cost. It is less necessary for cooking, less still for washing, scouring, flushing. These are the different degrees of *satiability*.

*Applications.*—(1) Let us suppose that A is willing to pay 20s. for 10 lb. of tea. That is to say, he is willing to pay 2s. for the last pound as for all that precede it. Now he has only 20s. to spend on tea. Consequently, if tea rises to 2s. 6d. a pound, he cannot buy 10 lb. He will

spend his 2*s.* on 8 lb. Thus the eighth pound is well worth his 2*s.* 6*d.* (or he would not buy it). The next pound, the ninth, is not worth to him his 2*s.* 6*d.*, so he will buy no more.

(2) Let us now suppose a scarcity of tea. A man has only 5 lb. to sell, but the price has gone up to 5*s.* the pound, and he gets his 5*s.* even for the last pound. The result is that while in the time of plenty he would get but 10*s.* for his 5 lb., in time of scarcity he makes 25*s.*

(3) Conversely, when the commodity is in great abundance, the marginal value fixes the price of tea, we will say, at 6*d.* a pound. Then our 10 lb. will bring in the salesman 5*s.* only.

False theories of value have been elaborately constructed out of this doctrine of marginal value. It should, therefore, be observed that the utility of the marginal-value theory affects not the fundamental question of value, but the questions of price and exchange. (See Devas, *Political Economy*, pp. 129-30).

**37.** *Price* is the exchange-value of a commodity in terms of money.

*Money* is a measure of value and a convenient means of exchange or payment. Or, again, it is described as a common token of value, consisting usually of some rare metal, as gold or silver.

As the exchange-value of money is subject to fluctuation, it is not a perfect standard of measurement. For all that it is a satisfactory standard, as its changes of value are comparatively slight under ordinary circumstances.

*Cost* is the personal surrender of some good. Cost indicates what I give up in order to possess something else, for instance, 4*d.* not 1*s.* for a pound of sugar; 5*s.* and not £5 for a week-end ticket. I may be prepared to sacrifice 4*d.* for the pound of



sugar;  $\frac{1}{2}d.$ , not more, for my evening paper; 30s. and no more for a coat.

A *price* is *just* when it corresponds to the value of the object for which it is exchanged. The exchange-value of an object, and accordingly its price (that is, its *just price*), is that which is in agreement with the common judgment of men. This common judgment (the *communis aestimatio* of the schoolmen) is arrived at by buyers and sellers alike, and is established by a consideration of the following factors:—

(1) The difficulty of obtaining the raw material, as rubber, or some partially manufactured article, as gold thread for weaving.

(2) The rarity of the commodity, as diamonds, rubber, radium.

(3) The cost of production (*a*) rent, (*b*) interest on capital, (*c*) just wages of the employees.

(4) Reasonable profits.

(5) The special use-value of the manufactured article to the buyer, as "Old Masters," early-printed works, the "old" lamp to Aladdin.

From this the reader will gather that the just price of a commodity is not determined solely by the supply or demand (*i.e.*, by reason of the abundance or scarcity of the commodity or the buyers), but by other elements which belong to the object. The primary determinants of a just price are those elements which constitute it as an article offered for exchange or sale. These elements are comparable with other values or objects, and thus, in the expert judgment of men, are allotted an equivalent in money, or a *price*. Still, it will sometimes happen that a commodity will not command an equivalent of what it has cost to produce it. The cost of production is greater than its corresponding usefulness to any one. In

other words, its utility is outweighed by the expenditure of values involved in placing it on the market. If, therefore, it be sold at all, it must be sold at a loss. The price is lowered till it reaches a point at which the buyer is willing to part with his money in exchange for the useful object. This is selling at an exchange-value which is below cost price. As a consequence, if an article under normal conditions will not command the money-value of its production and a reasonable profit, it will no longer be produced. No one, for example, will pay the full cost of production for an article of dress which is out of date, or for a book whose literary contents he believed to be worthless. Hence goods are not unfrequently sold at less than the cost of their production, in order thereby to save the producer from total loss.

**38. The Market Price.**—The common judgment (*æstimatio communis*) receives a formal expression in what is called the market price. The market price is an approximation of the common judgment of buyers and sellers (both being experts in their particular branches) to the theoretic equilibrium which results from the different forces bearing upon sale and purchase. These forces are:—

(1) The actual abundance or scarcity of a commodity.

(2) Its prospective abundance or scarcity.

(3) The actual need of the seller to sell or the buyer to buy, always supposing that the transactions are free, and that the conditions of sale or purchase are normal and not artificial.

(4) The freedom of buyer or seller to wait.

The expert seller will not part with his goods without a profit; the purchasers will not pay more than the real value of an article; hence the justice of the market price. The market

price is liable to fluctuation not only with reference to the abundance or scarcity of the article offered for sale, but also for other less manifest reasons, such as prospective scarcity, change of taste or fashion. This price having been fixed, however, as a rule by the sound practical judgment of a number of experts variously interested in the sale, the market price, as such, is usually a just price in normal and healthy conditions of society. Note: the "just price" of the pre-commercial period always assumed the producer's living wage.

Variations of price oscillate from a mean, or normal standard, to the extremes of highest and lowest; above the highest no purchaser will buy, and below the lowest no producer will part with his goods. Commonly, all three prices are looked upon as just for the reasons given. The prices above or below these limits are considered unjust.

In order to repress the greed of the seller or the employer, it has frequently been found necessary to establish a fixed rate. This is called the legal rate or price. Of this we have instances in railway and tram fares, postal charges, and in wages in the textile and other industries. We cannot, however, argue that because a wage, *e.g.*, a minimum wage, is enjoined by law, or the decision of a Trade Board, it is therefore a just wage.

39. A *monopoly* price is of two kinds—private and public. It is termed *private* when the production of some article (say a particular form of motor-tyre or other patent) is in the hands of a single seller. This monopoly is protected and legalized by the patent law, and rightly secures to an inventor the fruit of his ability and industry.

A private monopoly price, however, at times assumes the form of an artificial control of all the goods of a particular description, for the

purpose of raising or maintaining the price, as in trusts or corners.

A *public* monopoly price occurs when a product is under the control of the State, as matches in France, stamps, coinage, postal services in most countries.

**40. *Supply and Demand.***—The terms “supply” and “demand” are used of goods placed upon the market and also of the offer and need of labour. When a particular commodity is abundant, prices tend to fall ; when it is scarce, prices tend to rise. In other words, when the goods placed upon the market are more abundant than are required by the purchasers, prices go down ; when the quantity offered is inadequate to the wants of the buyers, prices go up.

This is a law of human life, and so simple and general as to call for little or no explanation. Buyers wish to purchase as favourably as possible, while sellers are eager to part with their goods as advantageously to themselves as may be. Whenever there are many sellers and much to be sold, it will be an advantage to attract the buyer by means of a reduced price, or no buyer may be found ; and so conversely for the seller when the product is scarce.

Supply means the offer of goods for sale upon a definite market, demand means the effective desire of the purchaser to secure these objects. The offer presents to all intending buyers the possibility of gratifying their wants. This possibility is conditioned by the usefulness and the scarcity of the objects so offered. The demand is the expression of a desire to obtain the article offered. To be effective, that desire must be of some intensity, and greater in proportion to the rarity of the object.

No one will give more than is necessary. How much is necessary will depend upon the rarity. What a man will give depends upon the intensity of his desire. This desire may be ill-regulated, and a buyer may be disposed to sacrifice some necessary good to secure a luxury, as people buy an ornamental dress rather than a healthy one or sufficient good food ; or they will pursue some gratification rather than provide themselves with things that are strictly necessary for their well-being.

It is, however, another matter to inquire whether the law holds universally, and whether it is a determinant of value.

If there be a scarcity of the necessities of life, the prices must rise, as those who have the means of purchasing will endeavour to secure them by offering a higher price. If, on the other hand, luxuries are scarce, prices will not rise so easily, since few will deem them especially desirable under the changed circumstances. The demand does not really depend upon the offer of the market, but upon the desire of the purchaser, which may, under the varying circumstances of the market, be more or less intense. Some things he will not purchase at any price, and others only if the prices be moderate. Hence supply and demand are conditions of fluctuation in the price of articles of common necessity, but they do not determine the real value of an article, nor its use-value. They are factors, however, in fixing the price within certain limits.

Sometimes the supply will create the demand, as in fashions and the cinema exhibitions, or the provision of cheap literature. At other times the demand creates the supply, as the requisition of certificated teachers.

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## ii. LABOUR.

(I) *Its Nature, Rights, and Duties.*

41. If we understand by labour generally the output of energy for a definite object, we shall include both the activity of the mind and of the body—the task of the scribe, or the handiwork of the artizan. In a more special meaning the term is restricted to the change of some material by human agency.

The labour of a man in its wider signification comprises three elements: (a) *Muscular energy*, in which manual labour is always present, though in different degrees, as we see in the delicate craft of the watchmaker or the toilsome exertion of the docker. (b) *Intellectual power*, which is of a higher rank, yet required in some measure for the simplest kinds of manual labour, as well as for the highly technical work of the skilled artist. (c) *The moral element*, which, though too often overlooked, is of the greatest value in all forms of labour. Not only is the character, steadiness, and perseverance of the worker displayed in every kind of labour, but other and nobler qualities of will are called for to direct his energy to the fulfilment of the high

purpose which labour achieves as an indispensable element of human life and happiness. For labour is the work of a man. Man is a being corporeal and muscular in form, but enlightened by a spirit and guided by a sense of his native dignity and by his perception of moral law. The three qualities of physical force, intelligence, and duty are characteristic gifts of man. They may be thought of apart, but they cannot be separated in fact. A man should never become or be treated as a machine, for the simple reason that he is always a man. All his actions are the acts of a man, and all his deliberate acts are responsible. Hence a man carries with him in what he does a dignity which is the same in all. He is the crowning triumph of creation, he is the image of his Lord, he bears with him an eternal destiny, and in labouring he is discharging the earliest formal duty committed to him. "And the Lord God took man, and put him into the paradise of pleasure, to dress it, and to keep it" (Gen. ii. 15). For the Christian, then, all labour, unless vitiated in its object or purpose, is honourable and meritorious, and its dignity is immeasurably enhanced by the sanctity of Christ's personal example and by the practice and teaching of His Church in all ages. Idleness is dishonourable. To despise labour or be ashamed of doing it is pagan and anti-social. Whether the occupation be professional, or the direction of the work of others, the performance of skilled or unskilled muscular exertion, the trade of grocer or tailor, it is worthy of respect and social credit.

Work was for man at first a delightful occupation, traces of which still remain with the honest and intelligent worker. A change, however, came all too soon, and the necessary care of tilling the

earth (Gen. ii. 5) became a toil. The rich fertility of the soil was checked and man's sustenance was henceforth to be obtained "in the sweat of his face" (Gen. iii. 19). "Cursed is the earth in thy work; with labour and toil shalt thou eat thereof all the days of thy life" (Gen. iii. 17). The immediate purpose of labour is to compel the earth's fertility and to obtain a living. Hence the Apostle's warning: "If any man will not work, neither let him eat" (2 Thess. iii. 10).

42. Although the importance of labour in the life of mankind is sometimes too exclusively asserted, its functions are unique and its fruits stupendous. If we compare it with nature, we recognize that without it nature is wild and undeveloped. The breeds of our cattle, the perfection of our field and garden crops, the luxurious charm and variety of our flowers are due to the intelligence and the patient labour of men. To man was entrusted the charge not alone of tilling the earth, but of subduing it (Gen. i. 28), and of holding the mastership over the animal world. Without labour the treasures below the soil remain unused and undreamt of. If, on the other hand, we look at capital as compared with labour, we see an element purely passive and wholly dependent upon intelligent labour for its application to fruitful results. While, therefore, labour can produce nothing by itself, in the presence of other factors it holds the place of eminence.

Nor is it merely the economic aspect of labour which has a right to absorb our attention. Doubtless, the supply of the needs of life is the immediate purpose of work. But in addition to this, it is a school of virtues—obedience, self-sacrifice, art, fortitude, and patience. Nor may we ignore its social uses. The more refined and elaborate our



civilization, the more it depends upon the co-ordinated activity of the toilers. And as every good action benefits the social body, so the united exertions of mankind were ordained in the first instance, and have since remained, as the indispensable agents for carrying on the world of mankind. This is the social value of labour—a value which has its claims upon a social remuneration—for instance, consideration, honour, generous sustenance and the opportunity of improving its position.

43. Coming now to the individual or personal qualities which form the perfection of labour, the first rank must be assigned to its intelligence. This may belong to the various degrees of direction and superintendence, or to the individual capacity of the manual worker. There is no occupation which is not perfected by intelligent application. The worker gives his mind to what he is doing, and puts his heart into it. The intelligent workman will devise some new appliance, like the steam-engine, or some new process, as phototype printing, or discover some chemical extract, as the aniline dyes, or some new application of mechanics, as in the "ball" bearings, or of physics, as in the electric motor.

The good workman, if honourably treated, is cheerful over his task, takes a pride in his work and while he is not discontented, is ambitious to produce still better results, and to improve his position as a man. And further, the best of workmen is by no means independent of conditions of good work. He must be maintained in a state of physical efficiency. This can only be ensured by a suitable wage. The demands made upon his power of endurance should be reasonable. His work should, as far as possible, be carried on amid healthy surroundings.

On the intellectual side, the workman cannot attain to the full height of his profession in any skilled trade without the advantage of a technical education. This should be placed within his reach ; and he ought to have ground for the assurance that whenever, by any special skill or merit, he may have contributed to the public advantage he will not fail to reap a corresponding benefit.

On the moral side much has yet to be understood. To say nothing of the elementary duties of subordination and honesty, of an honest day's work for an honest wage, or of kindness and helpfulness to his associates, there is the religious motive of carrying out the divine plan, of working at an appointed task, and doing one's daily duty under the eye of God, as the Christian would express it.

The chief duties of the worker may be stated in a few words :—

- (a) To perform his work honestly.
- (b) To observe faithfully all just agreements.
- (c) To avoid all injury to the property of the employer.
- (d) In case of dispute, to urge his claims reasonably.

The duties of the employer are, in substance, the following :—

- (a) To make a fair provision for the support of the workman.
- (b) To adhere to all just agreements.
- (c) To respect the dignity of the workman.
- (d) To show regard for his health and safety ; to take a personal interest in him ; not to confine him to monotonous toil.

(e) To allow him time for his physical restoration by means of rest and recreation.

(f) To allow him time for the performance of his religious, domestic, and civic duties.

## (2) *The Hierarchy of Labour.*

44. Labour is classed as unskilled when the proportion of intelligence required for its performance is small in comparison with the output of muscular energy. It is classed as skilled when some notable degree of intelligence is necessary for its performance.

It may be organized, that is, formed into united groups with suitable direction, or unorganized, when each unit of a profession stands alone or only meets his colleagues casually.

In another arrangement, the rank of labour depends not so much upon the degree of intelligence or artistic skill required, as upon the extent of independence which the worker enjoys, and the completeness of the control he may exercise on the conditions of his work. Some of the many forms which labour assumes from this point of view may stimulate the observation of the student.

1. We may take the example of the household, where the subordinate members, that is, the "domestics," or indoor servants, form an integral part of the family. In this connection the indoor servants, as well as other persons outside who aid in the household service, may be styled the "dependents."

2. The breadwinner or the head of the family, may hold many different stations : for example :—

(a) He may work for another by the hour or by the piece.

(b) He may direct production on behalf of another, as foreman or manager.

(c) He may work for his own profit, as working-master or owner.

(d) He may co-operate with others in ownership or direction.

3. A similar gradation of rank is implied in the terms—homework, when a member of the family works at home, either on his own account or for an employer; workshop, where several labour in a building apart, without mechanical motive-power; factory, where motive-power is used; works, by which is understood a large agglomeration of buildings where the various processes of some extensive production are carried on.

Forms of work evolve different forms of association for carrying on the work. The home, the farm, the shop or "stores," the factory (in its more general meaning), the office, are the typical combinations. The home and the workshop, however, furnish the characters which, when variously combined, give rise to the other forms. We shall therefore consider only the household and the employer.

45. 1. *The Household* is a social group in which the "domestics" or servants board and lodge with the family, and are associated with its intimate life for the common advantage, and render a loosely defined service for the comfort and happiness of all.

The servant provides the common advantages of cleanliness, order, preparations, etc. The master or mistress watches over, provides, for, and takes an active interest in the general and particular well-being of the servants. This view of the servants of the household is as eminently Christian as it is now rare.

*Reciprocal Duties.*—The domestic servant owes his master, as such, respect, obedience, loyalty, good-will, generosity. The master is bound to consider the health and welfare of his dependents when they are in his service, and is not without his responsibility should the servant leave his household. On both sides, alas! these principles are too often disregarded. "Service," as we call it, and which many affect to despise and so many wholly misapprehend, is a natural condition of society, corresponding to mutual needs and advantages, with correlative rights and duties, cementing the bonds of society, and extending the benefits and security of the family circle to a larger number.

46. 2. *The Employer.*—Without taking into consideration the case of those who are employed but temporarily, we propose to deal with the status of the employer with regard to his regular workpeople and *vice versa*.

Although the employees of a factory cannot be reckoned as a part of the employer's household, they are, nevertheless, intimately associated with him for the production of some definite object under his authority and guidance and for their mutual advantage. Workpeople are the indispensable auxiliaries of the master in the processes of production. From this condition spring mutual duties.

Master and man, equal before and apart from their mutual contract, assume new relations to each other under the terms of their agreement. A and B become master and man. This contract of labour should be for the advantage of both. One has to direct; the other accepts the direction. Their relation is now one of inequality, but not of exploitation. They are unequal in what falls

within the contract of work, but not necessarily in anything else.

*Duties.*—If it be asked what are the duties of employer and employed, it may be impossible to give more than a general reply to so general a question. The nature of employment and its contracts vary so considerably, that each case must be judged according to its own specific conditions. Still, in addition to the duties above laid down, the following may be accepted as general and typical :—

- (a) As regards the head of the establishment :  
Good example. Watchfulness with regard to the conduct of the employees. Protection of the young and innocent from contamination. Material and other assistance in special circumstances.
- (b) As regards the workpeople : Respect and submission to authority. Good behaviour. Moderation in judgment, speech, and conduct.

These ideals of duty have largely fallen into abeyance, and bitter complaints have arisen in consequence from opposite quarters. Masters complain of men, and women of their servants ; workpeople and servants complain of their employers. Nowadays the employed, whether in the factory or the household, consider themselves the equals of their master or mistress. They are haughty, easily take offence, are habitually biassed against their employers, and do not consider their interests.

On the other hand, the master holds aloof from his men, acknowledges no personal tie between himself and his subordinates. He considers that his responsibility towards them ceases with the

payment of the stipulated wages. He thinks he is at liberty to discharge a man at any time, provided only the legal prescriptions are complied with.

### (3) *The Conditions of Labour.*

47. By the conditions of labour are meant all the circumstances under which labour is performed. These are either external to the labour itself or some element or quality of it. The circumstances under which labour is exercised are sometimes exceedingly arduous, as on the sea, in the mines or quarries, in great engineering constructions, and on the railways. These serve to bring out some of the more robust qualities of our nature. We can here speak only of the conditions which are common to most avocations, and which depend wholly or in a great measure upon man's provision. The external conditions of labour are the building in which it is carried on, the machinery employed, and the process of production. As the principal agent of labour is the human person, the construction and arrangement of the workplace must be in conformity with his reasonable needs. Hence cleanliness, sufficient space, air, light, moderate temperature, and decent sanitation are requirements demanded by human nature, and in many industries are prescribed by law.

As to the processes of industrial work, some are heavy, others light, some agreeable, others dangerous or unhealthy.

Some risks are indispensable from labour, but the value of human life requires that the worker should be shielded as far as possible from the dangers incident to his occupation. Thus certain

precautions are rigorously necessary to protect him from physical injury, as the fencing of power-driven machinery, the provision of fire-escapes, and the use of safety lamps in mines. The worker has a right to protection in the specially dangerous trades, as the lead glazing of pottery, match-making, file-cutting. Other trades are insanitary on account of excessive heat, damp, or exposure.

When a human agent is the instrument of production, the wear, strain, and drudgery of his employment must be judged not by what he can accomplish by sheer force of will, but by the permanent loss or injury he may sustain through excessive work. The power of the workman is to be measured by his personal strength and his capacity for restoration. The exertion which may reasonably be exacted from the child, the young person, the woman, or the adult man will be widely different. Labour is onerous, no doubt, but its object is always to support life, not to destroy it. Legislation has interfered to protect women, young persons, and children from excessive hours and from night-work. Much has yet to be done before the normal day of the adult male worker is fixed in the various trades, and satisfactory regulations laid down respecting overtime and night-work. Yet here again it should be remembered that it is not so much legislation that is needed as the true moderation of virtue ; failing this, we must invoke legislation in defence of the weak. What eventually will be the normal day will depend not on any merely arithmetical determination, but on the nature of the industry, the character of the people, the state of trade, foreign competition, and so forth.

If a child is to do any work, it had best be



of the nature of play. If a young person works, and a little work will do him no harm, it should not be allowed to arrest the development of body or mind. Under our present social conditions it is often necessary for married women to undertake regular work outside their homes : but however inevitable this may be, the welfare of the children and the home should be jealously provided for. The strain which a robust man can bear is often none the less cruel because it is patiently endured. A man should be rarely called upon for the sacrifice of life or health, and such calls form no part of the duty of earning his daily bread. He works to live, to live the life of a virtuous and honourable man, not to degrade, endanger, or shorten his life. The purpose of labour is life, the sustenance of the workman and of his dependents, and to produce a race of strong, vigorous, and virtuous citizens.<sup>1</sup>

The conditions of work in factories and workshops have during the course of a century been the subject of much and progressive legislation in this country. Even yet, however, many small workshops escape inspection, while the domestic workplace is still outside the scope of direct legislation. In consequence of these immunities serious disregard of elementary requirements is therein to be met with.

On the whole question of the conditions of labour from its legislative aspect, see the excellent work, *A History of Factory Legislation*, by B. L. Hutchins and A. Harrison (King, 6s.).

<sup>1</sup> See H. J. Spooner. *Industrial Fatigue*. 8 Bloomsbury Square. 6d.

*Labour Year Book*, 1916, pp. 245-8.

(4) *Machinery.*

48. A cycle of unprecedented invention opened in the second half of the eighteenth century. The delicate handiwork of man began then to yield to the swift and sure action of a tireless machine. Scarce an industry can be named which the machine has not at length invaded. The simplest and the most elaborate works of the hand are closely imitated by the machine—spinning, weaving, sewing, knitting; ploughing, reaping, thrashing, kneading bread; the skilled crafts of the carpenter, the cabinet-maker, and the smith. The realm of the scribe has not escaped the inroad of the machine which writes, manifolds, sets up type, prints, folds, stitches, binds books. Our light, our heating and our motive-powers are new. Innumerable processes of manufacture have been perfected and simplified. A facility of transport nothing short of marvellous has been achieved. We see the triumph of intellect over the free gifts of nature in all their power and abundance on the earth, and the sea, and in the very air.

49. But with the coming of the machine many serious evils have appeared: (1) Over-crowding; (2) over-production, followed by periods of bad trade; (3) inferiority of workmanship and the increase of less skilled workmen; (4) unemployment.

Terrible as these evils have proved themselves to be, it cannot with justice be affirmed that they are always or even for the most part due to the introduction of machinery, but to its abuse. A tool is the extension of a man's personal activity. In its more general meaning a machine is an extension of the tool, being, as Murray describes it, "an apparatus for applying mechanical power,

consisting of a number of interrelated parts, each having a definite function," as a typewriter, a reaping-machine, a bicycle. In a more technical use a machine is an instrument by which a motive-power of nature is applied to the performance of some economic labour. Up to the close of the eighteenth century the source of power for nearly all economic transformations was the strength of man, save for the uncertain help of wind and water. Then nature's secret of steam was discovered. The growing conquest of the physical, mechanical, and chemical forces ought to have worked for good alone, but it did not. *Capitalism* seized the new sources of power while unorganized labour stood by helpless. The false principles of the time spurred on men to indefinite production and to a fatal recklessness as to the conditions under which the new tyrant of steam should be served. Hence, in most cases, the use and abuse, the benefits and ills of machinery have been hopelessly mixed up together. Few would wish to return to the handicraft of 1750. No intelligent person would wish the present social status to be lasting. The régime of machinery must remain, and new inventions will continue to be welcomed. Nevertheless those inventions which dislocate and dispossess labour should be introduced gradually, and with due regard to the welfare of the dispossessed.

50. Briefly, then, the advantages of machinery are the following :—

- (a) A saving of human toil : for though men must continue to labour, much of the very heavy labour is done by machines
- (b) A cheapening of products : this refers not only to comforts and luxuries, but to clothing ; it applies less to food, and less, perhaps, to housing.

- (c) A more abundant supply of home comforts and little luxuries.

51. No doubt there are drawbacks, but in many cases these have been overstated. There remain :—

(a) *Overcrowding*.—Employment attracts work-people to its neighbourhood, and we witness the painful spectacle of bad housing, excitement, and pleasure-seeking which are the outcome of ill-regulated town life. The factory or the works might, however, be established in the country; or, if in the town, those who launch a great enterprise should, in a Christian spirit, have a care to provide for the reasonable needs of those who form the most precious portion of their industrial combination, namely, the human workers. Men have yet to appreciate their obligation of providing for the human elements of their establishment. Industry cannot exist without a social side, and this has usually been forgotten or disregarded.

(b) *Over-production* is not the fault of the machine, but of its owner. Man has made use of the strength of nature as a giant producer who needed his attendants day and night. He ought rather to have in view the equitable and lasting advantage of both master and man. Too often the greed of the owner has impelled him to extract all the gold he could from the indefinite productiveness of the machine, without regard to economic and social results or his personal obligation to prevent them. Although a machine is not intended to produce little but much, yet there are limits. If necessary, it should be controlled by the organized forces of society—the associated workmen, the employers and public opinion.

(c) *Inferiority of Work*.—While the work of the

machine often surpasses the skill of the hand, it may sometimes produce the inartistic, the coarse, and the unfinished. The form of the objection which insists that machinery does away with the accomplished workman (as in the shoemaking and bookbinding trades) is more to the point. And yet, while fewer all-round workmen are required, some are still indispensable and command high remuneration. In matters of this kind it is well to remember that the object of production is not always art, but it is generally a living. Art belongs to the graces of life. If the machine offers real advantages to the mass of mankind, it has justified its coming.

(d) *Unemployment* has supplied the great argument against the machine, which enters the arena for the purpose of dispossessing a certain number of workers. The aim of the sympathetic employer will be to make the transition from handwork to machinery as gradual as possible. Still, after all, machinery has given employment to many more than it has thrown out : witness the manufactories of iron and steel, tools, machines, and engineering works generally, where the élite of workmen are congregated. Goods are cheapened, purchasers have more money to expend. Hence more goods of one kind or another are called for. And for these, among other reasons, the competent workman usually obtains employment.

Machinery has been employed to create hoards of wealth for personal advantage. Nothing, however, need have prevented it from being used for the common advantage of master and men, if the principle of brotherhood had prevailed and a sense of equity had forestalled the dismissal of men from the factory.

*(5) Division of Labour.*

**52.** The division of trades and of labour corresponds to increasing and more complex demands. The early division of labour or of occupations is to be seen in the carpenter, the smith, and the hostelry of the village community. Provided that sufficient employment is forthcoming to justify a man in specializing in one kind of work, it will be to the advantage of every one that his skill should be concentrated in this manner. The commodity he furnishes will be of better quality, and produced quicker and cheaper than when made by a general workman.

The slow process of differentiation appears first in the great trunk divisions of agriculture, manufacture, and commerce. Manufacture speedily opened out into different trades. Even in the same trade we find various ranks of workers—manager, engineer, foreman, artificer, warehouseman. So, too, appear the different specialists—doctor, surgeon, physician, dentist, chiropodist, and the separate trades of grocer, provision dealer, druggist, etc.

In the simple division of trades, each workman made entirely the particular product of his trade—hats, shoes, nails, etc. In the subdivision of labour each workman contributes only some separate part of the whole product, as in the boot and pen factories.

**53.** Notwithstanding certain inconveniences, the system has such decided advantages that it has now become an essential part of our industrial methods. These advantages are:—

- (a) A more constant use of machinery.
- (b) A more suitable allocation of skill and strength.

- (c) A more perfect technique.
- (d) Greater speed arising from the expertness of the worker.
- (e) An increase in, and a consequent cheapening of, production. (This is especially the case when women and children are employed in the lighter forms of work.)

The drawbacks, on the other hand, are these :—

- (a) A greater dependence of the worker on his employer, since his highly specialized work renders it difficult for him to obtain a situation, if for any reason his present employment comes to an end. It is therefore to be desired that technical education may be so directed as to supply the workman with the aptitude and skill for some other industry in the event of his employment failing.
- (b) The minute subdivision of labour is deadening to the intelligence of the worker. This is undoubtedly often the case ; and arrangements should be made to allow the workers a turn at other specialized processes.

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## iii. CAPITAL.

54. Capital conveys the idea of power of giving increase, and is one of the factors of production. In its widest signification it expresses any value whatever, a man's entire fortune or any part of it. Another meaning assigns the term capital to wealth capable of producing income without reduction, as houses or land. Some understand by capital any economic good capable of producing others.

A more restricted meaning of the word and one now commonly accepted is that of a product reserved for further production, or "accumulated wealth used in producing more." In this sense, natural agents such as land, a stream, or a seam of coal, would not be counted as capital, except in so far as they included some product of labour, as in a well-tilled field or coal brought up to the surface. As this definition gives prominence to a common property of capital as we find it, namely, that of having been the result of previous work, and not expended on self or others, but set aside for further production, it may be accepted for all practical purposes.

Turning now to capital as employed in industrial production, we have as its elements: the plant (buildings and constructions of all kinds), tools, machinery, and money. This is estimated at £1,500,000,000 for the U.K., exclusive of the capital engaged in distribution. (See *Census of Production*, p. 36.) Money is needed to support the workers till profits come in, to obtain materials, to maintain and improve the plant.

Capital which I may have deposited in the bank is contrasted with the *interest* which is paid me by the banker.



Capital remaining intact and bringing me in a yearly income is contrasted with the *income* which I spend or invest.

Capital, though plainly necessary for the production of economic goods, is not itself an active agent. It must be set in motion and directed by the intelligence of man.

55. Capital employed in the processes of production assumes two forms: it may be *fixed*, or sunk in plant and machinery, and goes on producing for a long period; or it may be *floating* capital, which is transformed in a single production. Take the case where raw silk is woven into a handkerchief. The capital contained in the raw silk is transformed into the handkerchief, which is exchanged by sale for its money value. This money (we may suppose) is used to buy more raw silk, which passes once more through the processes named; and thus the circulation may continue indefinitely.

*Fixed* capital is conceived as producing for a more or less prolonged period. This, however, must be understood with the limitation that it is always wearing out. Machinery and tools are always liable to be superseded by some new invention; consequently, allowance has to be made for deterioration. But only the title of this large and difficult subject can here be mentioned, and only a passing reference made to the numerous ways of providing for it by reserve funds, and by various kinds of insurance against risks or loss.

We must be careful to avoid the mistake of supposing that capital can only exist in the form of millions. The enormous capitalized sums of modern industry and commerce are to no small extent the united capitals of many persons of

moderate means. The same is true of agriculture, where a large amount of capital is in the hands of small owners or tenants.

Private capital is justified in the same way as private property, of which it is one of the forms.

In its broader signification, capital has always been required from the very birth of society. In the more specific sense of money, plant, or instruments of production, no man of whatever school would think of denying its necessity in the present stage of civilization.

**56.** Capital is indispensable for economic development. It is the strength of a people. Want of capital is a national weakness. All require it as a condition of advancement or even of independent existence. A certain class maintain that there should be no private capital, and that all capital employed in production should be held by the State for the benefit of the whole community. This singular claim is based solely on the abuses of extreme individualism, or what is called the "capitalist system." The abuses of this system are alleged to be the following :—

- (a) Exploitation of the weak by the strong.
- (b) Appropriation of the fruit of others' labour.
- (c) The employment of capital as a means of oppressing the worker.
- (d) The aloofness of a few owners of large capital from a vast proletariat.
- (e) The concentration of capital and power in the hands of the few.

No one can deny that there is much sober truth in each of these allegations. The records of sweated labour in all its forms, of high profits and low wages, of heartless dismissal and cruel

treatment, of the luxury and magnificence of wealth and the wretchedness of labour, are a disgrace to our civilization.

A great middle class, naturally conservative, has hardly yet grasped the situation. The men of the working class have been long accustomed to conditions that are degrading. Others have spoken out and have been driven to the frenzy of revolution.

These sinister results have accompanied the march of capitalism almost everywhere. But happily they are not alone. Numerous examples are to be met with in this country and elsewhere of industries which are conducted on far different lines, and where the health, the morals, the culture, and the economic prosperity of the work-folk are properly looked after. For all that much remains to be accomplished. But it is rather men and methods than the essential elements of the system which need transformation.

A condition of things of which the inevitable outcome is large fortunes for the few and a vast proletariat cannot be approved of. Great accumulations of capital are necessary to carry on modern industry. But great capitalists are not necessary. The requisite accumulations may belong to many small proprietors, just as easily as to a few large proprietors, if the nation so wills it. During the Middle Ages the capitals employed were small. Only in the sixteenth century, with the robbery of the Church and the poor in England, the discovery of America and of the sea passage to the Indies by the Cape of Good Hope, did the opportunities of inflated capital arise. When at length the era of inventions opened in the eighteenth century, the wealthy promptly saw their advantage and pursued it resolutely under the

unchristian principles of the "classical" school of economists.

The greed of men should be checked whenever possible in its thoughtless pursuit of large financial gains, whether in a high rate of interest, or huge profits, or colossal dividends. Incomes of this description are not the object of life, nor the means of true social happiness, nor are they a mark of the least personal distinction or worth. Too often, capital would seem to be without any social responsibility, and yet, being in society and thriving by society, its responsibility is self-evident. Examples might be cited of the use of capital and workpeople solely for the purpose of the speedy enrichment of its possessor. When the capitalist works his own concern, his duties as employer are plain, and have been briefly summarized at pp. 83, 87.

When capital abuses its strength, the course of the oppressed is organization and representation, and the resistance displayed in a just strike. Yet, although a strike may be justifiable, it is by far the better course to prevent it, if possible: and this ought to be possible under a régime of associations.

#### iv. ASSOCIATIONS.

**57.** The vast subject here spread out before us can only be touched upon in its main features. Association is the united action of individuals in pursuit of a common object. The associations which belong to the scope of our inquiry are those which find a place within the areas of agriculture, industry, and commerce. At present we consider industry and commerce only.

The direct result of association is increase of power. Capital, the chief factor of production,

is accumulated, as in partnership or companies, and workpeople are strengthened by being knit together as one man. This we see in the trade union. When the two sections unite we have the strongest and most Christian form of industrial society for the promotion of the contrasted but not opposed interests of employer and employed.

To discuss the right of forming an association of the kinds we have named is now unnecessary in this country. The instinct to pursue the true interests of a man's calling, with due regard to the interests and rights of others, springs from his inborn sense of fellowship. Men look about for support and find it in others situated like themselves. This tendency has been emphatically shown with the development of civilization.

Broadly speaking, associations connected with industry present three forms : (1) the combination of employers or owners of industrial concerns, or the combination of the captains of industry ; (2) the union of the workers ; and (3) we have at times the union of masters and workmen.

(1) *Associations of or connected with the  
Employers of Labour.*

58. In the first place we exclude all associations which are not carried on for gain or directly connected with industry, such as the recognized societies of art (the Royal Society of Artists), medicine (the British Medical Association), science (the Royal Society).

Next we shall set aside the Board of Trade in England, and industrial groupings like the Ministry of Agriculture in Belgium. These are associations

of officials appointed by the State for the promotion and protection of trade at home and abroad.

Our immediate concern is with all associations engaged with trade in whatever manner, either wholly or in part, by manual labour or by intelligent management or co-operation.

These fall into three great classes :—

**59. I. ASSOCIATIONS OF CAPITALISTS** for the purpose of manufacture or commercial enterprise. These may be conveniently considered under the heading of *Joint Stock Companies*. Very serious financial disasters among companies of this sort occurred in the seventeenth and eighteenth centuries. The reckless abuses which caused them have been to a large extent mitigated by legislation, and finally reduced to a minimum by the law of limited liability. What is known as the Limited Liability Company has superseded the old Joint Stock Company, and may be explained in two main divisions :—

*A. Companies incorporated under special Acts of Parliament*, that is, associations formed for carrying out some work of public utility, as railways, canals, docks, waterworks, lighting. A peculiar feature of their composition is permanence. They may not be broken up by creditors, whose only claim is upon the profits of the undertaking. Special powers may be granted to them, such as to acquire land or to disturb roadways. In some cases they may omit the word "limited" from their title (as Railway Companies). Dividends may be restricted or depend upon the price at which their service is charged to the public (as in the case of some gas and electric lighting undertakings).

*B. The ordinary Limited Liability Company* may be described as an association of persons, who by their united contributions furnish the capital re-

quired to carry on some industrial or commercial undertaking.<sup>1</sup>

The advantages, and in large enterprises the necessity, of a subscribed capital will be apparent to all. The social importance of the limited liability company will be plain from the fact that they increase at the rate of about 6,500 a year (in 1917 only 3,963), and are very largely financed by subscriptions from the middle class. In 1918, the number of companies registered in the United Kingdom was 66,456, and the total amount of paid up capital £2,730,594,008. The shareholders are responsible to creditors up to the amount of their shares and no further. The advantage they derive is to receive their proportionate share of the profits of the business after deducting the costs of production. It is illegal to pay dividend out of the capital of a company.

60. It is obligatory on all companies to file annually at Somerset House a return showing the amount of their capital, and a list of shareholders and directors together with the amount of any mortgages or charges on the undertaking. These returns are open to the inspection of the public.

A distinction should here be carefully drawn between a Public Company and what is now known as a Private Company.

(a) In a *Public Company* the number of shareholders is not restricted. The shares may be and usually are offered to the public, in which case they may be bought and sold freely through the medium of the Stock Exchange. The Public Company is under certain obligations which do not apply to the Private Company: for instance, the annual

<sup>1</sup> Interesting details as to the amount of capital required to carry on the trade of the United Kingdom during the year 1912 will be found in the *Daily Mail Year Book*, 1920, p. 243.

balance-sheet must be filed at Somerset House.

(b) The *Private Company* stands on quite a different footing, and is generally commendable. No shares may be offered to the public for subscription, and the number of shareholders must not exceed fifty, exclusive of the employees' shares. Many thousand concerns are working to-day as private limited companies, and the number is constantly growing. In fact, the time is not far distant when most businesses of any size will be so constituted. The number of shareholders necessary for the legal formation of a limited liability company is two.

The advantages and in certain large enterprises the necessity of a subscribed capital will be apparent to all. And the transformation of a business into a limited liability company need not involve any alteration in the *personnel* or in the methods of conducting affairs. The shareholder's liability is confined to the shares he holds, and consequently the owner's outside property—his house, for instance, furniture, or other investments—is immune in the event of the non-success of the concern. The capital of the business alone is subject to the risks of the undertaking. The amount of the capital can be ascertained by a creditor. As the capital is divided into shares of small amount (usually £1), and is capable of differing orders of security (as in preference or ordinary shares), provision for various interests can be made in definite proportions, opportunity is afforded of disposing in part or altogether of the capital to outsiders, to children, employees, or others interested in the success of the enterprise, and so on.

We proceed now to the second great class of commercial associations.

## 61. II. VOLUNTARY ASSOCIATIONS OF EMPLOYERS.



i. Associations formed to safeguard and advance the interests of *particular industries*, e.g., ironmasters, coalowners, shipowners. Usually this class of association is formed for the purpose of common action, general improvement, and to regulate selling prices with a view to improving profits or eliminating ruinous competition.

ii. *Federations*. Within the last few years there has grown up a development of the Employers' Association outlined above in the more comprehensive Federation, which seeks to embrace all employers and to provide sections for particular industries. The Federation does not as a rule deal with selling prices, but actively concerns itself in legislative matters and in disputes with workers. To some extent it competes with the ordinary Employers' Associations and with the organizations known as the Chambers of Commerce.

iii. *Chambers of Commerce*. These partly do the work of the Employers' Federation, but are more generally comprehensive, and include all classes of employers and the commercial professions. They have the additional function of a bureau, collect and circulate commercial intelligence, and aim at influencing the policy of governments in commercial matters.

iv. *Exchanges*, such as Corn and Metal Exchanges, etc. These are Associations formed for the convenience of intercourse and to facilitate business transactions. The objects of the Stock Exchange are similar, but concerned only with financial dealings, differing from the Industrial Exchange in being a close corporation granting certificates to its members who become registered as stockbrokers.

We now proceed to the last member of our chief division :—

62. III. TRUSTS, ETC.—A few words only can

be devoted to the burning question of trusts and allied combinations. In general all such coalitions may be described as the concert of producers to raise or maintain prices. The reader will notice that all have several common features. They are all associations of previously existing concerns, less intimate in the Syndicate and the Ring, and complete in the Trust. They are governed by a central board or committee. They agree in the one object of securing large profits. This they do by keeping up or raising prices, by defeating competition, which they effect either by underselling or by buying out competing businesses.

A *Syndicate* is described as an association of persons or corporations formed with the view of promoting some particular enterprise, as in newspapers, shares, etc. They are generally national, but may even be arranged between different nations.

A *Ring* is a combination of interested persons to monopolize and control a particular trade for their own advantage.

A *Pool* is a combination of owners of stock or other securities, railways or other enterprises, whereby all revenue is thrown into one account and profits are divided as agreed upon. Its object is to control prices and to obviate ruinous competition.

A *Corner* is "a speculative operation in which a combination or a syndicate buy up all the available supply of any commodity, so as to drive the speculative sellers into a corner, by rendering them unable to fulfil their engagements except by buying of the combination of cornermen at their own price" (Murray) : or a monopolizing of the marketable supply of a stock or commodity through purchase for immediate or future delivery, generally

by a secretly organized combination for the purpose of raising the price.

A *Combine*, used first in a bad sense, now means an association of firms or companies in one uniform organization, as the Shipping Combine or the London Tube Railways Combine.

A *Trust* is an organization for the control of several corporations under one direction by transfer of stock or business to a central authority (whence they lose stockbroking power, but not dividends), to economize expenses, regulate production, and defeat competition.

As a matter of fact, though all combinations create some sort of monopoly, impressive if not absolute, they are liable to failure and dissolution, and attempts at their formation in this country have frequently proved abortive. Of late, however, a marked revival of the tendency to combination has appeared in this country, but rather in the form of "rings" or "pools." The fact is somewhat guarded from the general public, owing, doubtless, to the unpopularity of the names. There are, for example, the trust combinations in the dyeing industries of Bradford and Yorkshire. Industries immediately connected with the weaving of calico are brought together in large corporations and control 90 per cent. of the business.

**63.** From the point of view of the organizers the combination offers certain manifest advantages :—

(a) A cheaper purchase of raw materials, on account of the immense financial resources at their command, their large capital enabling them to buy more advantageously than the single firm, and even to produce the raw material for themselves.

(b) Considerable economies in management, advertisement, and agencies both at home and abroad. Moreover, the situation of their various

branches, or their power of contracting favourably with the transport companies, enables them to supply their clients at a reduced cost.

(c) They can command the most effective arrangement of the processes of manufacture according to locality, the highest ability in their *personnel*, and the most expensive machinery.

(d) The wages paid by them and their treatment of their workpeople are, as a rule, better than in the small firm.

(e) The larger industry calls forth a stronger organization of the workers' association.

64. The evils of the system are admittedly serious, notably in the more developed form of the Trust. They are the following:—

(a) The underselling and ruin of isolated firms.

(b) The excessive cost of buying out competing firms.

(c) Unsocial discrimination against the home market in favour of the foreigner.

(d) Too frequently a scandalous system of corruption.

Here, however, it must be observed that it is the gigantic all-absorbing nature of these associations, and the immoral means sometimes adopted in pursuit of their aims, which render them inimical to the common interests of society and an object of opprobrium and repressive legislation. Undoubtedly certain forms of the Ring (as in insurance companies) or Combines (as in railway companies and shipping), in undertakings and agreements in numerous trades, are in themselves perfectly legitimate. They may, however, assume in various degrees the aspect of the Syndicate or Trust.

"So far as the transport services are concerned," writes Macrosty (*Trusts v. The State*, p. 160), "we are driven to the conclusion that competition

in the old sense of the word has ceased to exist, and, turning to manufactures proper, we shall find the same opinion forced upon us."

"Steadily, although at a rate far less rapid than in the States, amalgamation of kindred concerns is going on within our borders" (*Textile Mercury*, April, 1899).

The famous Kartells of Germany are widespread and powerful. Their common idea is this: a group of trades manage their own production individually, but each places all its sales in the hands of a central committee which settles a common price, thus evading all competition between the firms engaged, and creating to some extent a monopoly.

Similar trusts of one form or another exist in France, Belgium, Austria, and elsewhere.

The lesson to be learned from all this co-operation of industries is to look for a still further development of it in the near future. Competition *when excessive* is harmful to all concerned. The less fitted for the combat succumb. Others carry on the unequal contest with small profits or none at all. Firms have, therefore, been compelled to seek for combination in order to secure for themselves some measure of success or even to save their existence.

## (2) *Associations of Workers.*

**65.** The countless associations of working men and masters called the Craft Guilds, which flourished for centuries in every part of Catholic Europe, were the main cause of the prosperity of the State during the Middle Ages. Their suppression in England which began in the sixteenth century,

and in France and other countries at a later date, sounded the knell of the independence and well-being of the working class. Still, even if they had survived the stress of the times, they would have required adaptation to the changed form and circumstances of all production. "Such unions should be suited to the requirements of our own age—an age of wider education, of different habits, and of far more onerous requirements in daily life" (*Rerum novarum*, p. 38 (42)).

The history of the slow recognition in our day of this bygone liberty is sad reading. Suffice it to say that the right to form a society is as radical as the right to establish a State, and no State may contravene it. The establishment of workmen's unions is laid down by Leo XIII as one of the principal means for the readjustment of our social dismemberment. "It were greatly to be desired that they should become more numerous and more efficient," p. 38 (42). "They exist of their own right. They are private societies, existing within the bounds of the State, and are severally part of the State; they cannot, however, be absolutely, and as such, prohibited by the State," p. 39 (43). "We may lay it down as a general and lasting law, that working men's associations should be so organized and governed as to furnish the best and most suitable means for obtaining what is aimed at, that is to say, for helping each individual member to better his condition to the utmost in body, mind, and property," p. 44 (47).

"It is clear that they must pay special and chief attention to the duties of religion and morality, and that their internal discipline must be guided very strictly by these weighty considerations," p. 44 (47).

66. Among the many varieties of workmen's

associations the British Trade Union has served as a type which has been widely imitated. The Trade Union has been well defined as "a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment" (Webb, *Trade Unionism*, p. 1). After a period of exasperating oppression the Trade Union was at length sanctioned by law (1824). Membership of the various Unions has of late advanced by leaps and bounds, though less among women than among men. Once the Unions had secured legal recognition they set to work to strengthen the trade-benefit aspect of their undertaking. Their common aim was to obtain better wages by collective bargaining, to accumulate a large reserve fund, usually devoted to the objects of "dispute" benefit in support of members when on strike, and sometimes to "unemployment" benefit. Many also allowed friendly society benefits in case of sickness or accident, together with superannuation grants and funeral expenses.<sup>1</sup>

Since 1880 the Trade Union movement has been increasingly prominent in political action, and is now largely influenced by a socialistic leaven.

**67.** The purely professional objects of the Trade Union are justified clearly by what has been said on the subject of association generally. Trade Unions simply apply the instinct of comradeship and mutual support to the particular and pressing needs of men.

Their aim is to protect the interests and to secure the equitable rights of the members. Their establishment has become necessary in presence of the overwhelming power of the employer.

<sup>1</sup> Total membership in 1916, 4,399,696. In 1917 5,287,522. Increase in males, 15.8 per cent, in females 43 per cent.

Hitherto the movement has been largely that of the better class of artisan. But combination has now advanced among the unskilled trades, and should be further extended through the ranks of the women workers.

**68.** On these points the advantages of Trade Unions are decisive :—

(a) They are the protection of the weak.

(b) They provide an effective means by which an employer may enter into a collective bargain or agreement with his workpeople.

(c) A strong and ably directed Union not only protects the men, but elicits and enjoys the confidence of the employer in view of the maintenance of agreements.

The tendency of the Trade Union is and has been to maintain or raise wages, to reduce the hours of labour, and generally to preserve peace.

Among its numerous shortcomings the principal are the following :—

(a) A not infrequent display of hostility towards the employer. In consequence of this feeling the need has been felt of a better understanding, and joint boards of masters and men have been established for this object.

(b) An irrelevant advocacy of secular education.

(c) The transformation of a professional association into a political organization, thus doing violence to the legitimate views of a large number of the members and changing the essential character of the association.

(d) The mischievous promotion of useless strikes.

(e) A lowering of the efficiency of labour by preventing apprentices from learning a trade.

(f) Exclusiveness, *i.e.*, refusal to work with non-unionists, or preventing them from working in time of strike. A workman is free to remain



outside an association until the civil authority has granted an exclusive patent to qualified members alone of a profession to exercise the functions of their craft. So likewise an employer is free to engage whom he chooses.

(g) Limitation of the output of a man's labour. A man should not be debarred from enjoying the advantage of the special natural ability which he possesses.

(h) The demand of equal wages independent of the skill displayed.

These evils have occurred in one place or another. Nevertheless, they are not the necessary outcome of a trade association, nor are they to be ascribed to the more intelligent of the unionists, while the grosser violations of order are not unusually perpetrated by rank outsiders.

69. The whole state of the question will be made clearer by enumerating what appear to be the chief desiderata with regard to the spirit and constitution of the Trade Unions.

(a) The full and generous recognition of the Trade Unions by the masters.

(b) The organization of every trade, both of men and women.

(c) The reconstruction of the Unions in the form of incorporated societies, similar to those of law and medicine, and their consequent recognition by the State. They would embrace all qualified members of those professions. This consolidation of industrial interests would be for the benefit of the individual members, the profession as a whole, the masters, and industry generally. The acquisition of a legally recognized status would carry with it a responsibility for efficiency, professional spirit, technical preparation, and would provide adequate machinery for collec-

tive bargaining. It would make for steadiness and solidarity. It would check the extravagance of the born agitator. It would represent reasonably and adequately the interests of the profession.

(d) This reconstruction of the Unions as industrial corporations would involve obligatory membership, and would obviate the embarrassing difficulties of the non-union workers and the "black-legs."

(e) These corporations would be constituted for purely professional objects, such as wages, conditions of labour, and appropriate education, the provision of friendly society benefits (when these are not otherwise provided, *e.g.*, by State Insurance), such as unemployment benefit and a superannuation grant.

(f) The diffusion throughout the corporations of a Christian spirit.

There is nothing in these proposals which is not supported by history or capable of introduction in our economic system. Recognition of the Trade Unions by Parliament, and by many employers has been accorded. Organization of the different trades proceeds but all too slowly. Membership needs strengthening; and a legal status in the profession would recall the mediæval guilds and do away with the obvious cause of friction in the presence of non-union men. The various committees projected in the Whitley Report and established by the Trade Unions and other local organizations, would constitute the tribunals of each industry. The Trade Unions have checked abuses in the past. The moment has at length arrived for the inauguration of a new industrial era, when the great hierarchy of labour will be rearranged, unrest will cease, and labour come, not to everything, but to its own.

No need to say here that the England of the future is going to be different, or that one of the striking differences will be displayed in an unwonted respect for the manual worker. He will claim to have a say in what concerns him, and that claim will prove irresistible. The recommendations of the Whitley Report (see *Guild Socialism*, p. 39, C.S.G.) are but an important though isolated instance of a rising movement. It may be hoped that in a not too distant future industry and agriculture will be united in homogeneous and cointerested groups. These groups may be called Guilds. Their functions will be to provide for the affairs of the industry, for plant, capital, raw materials, machinery, direction, processes, craftsmanship, conditions of labour, markets, transport. To a corporation of this nature should be attached, as in times gone by, some effective plan of insurance for its guildsmen and guildswomen against sickness, accident, unemployment or death. The Guild would look after the technical education and apprenticeship of its junior members or aspirants. It would have the right to possess and dispose of property. Its injunctions would have legal force with its members. Above all it would be animated with a new spirit of brotherly love, esteem, affection, prudence in action, with considerateness and forbearance towards all. Avarice, ill-feeling and jealousy would be stigmatized as anti-social.

The degree and form of association would be determined by circumstances and the development of a spirit of association, and not beforehand without regard to prejudices, personal freedom and individual claims. The mentality indispensable for ultimate success will be of gradual growth; and that growth will be the more rapid in proportion as the movement has been prudent and

its earlier ventures prosperous. Any transfer of property could ultimately be effected with equity and satisfaction. The essential aim would be to end wage-slavery and inaugurate a happier and humanized system of "working together for a common purpose and the general welfare."

(3) *Associations of Worker-producers, etc.*

70. The short space that can be allowed to this subject must not mislead the reader as to its extent, its significance, and its future prospects. In numerous forms associations are flourishing and growing apace all over Europe and in the United States. Those familiar only with the co-operative store can have no conception of the variety and promise of this truly hopeful movement.

Co-operation, then, means working along with another for some definite purpose.

The simplest application of this idea is seen where a number of persons buy in common (as is done in agricultural co-operation) or sell in common (as in the co-operative creameries in Ireland).

It may be as well to point out at once that in the minds of the leaders of this movement co-operation stands for a creed and a tendency towards the final consummation and redemption of society in a co-operative commonwealth. Co-operation in this sense means the abandonment of competition and the renewal of society on the principle of mutual help; each individual interesting himself in the welfare of the social body, and the social body having a care for the single individual, or, as the motto puts it, "*Each for all, and all for each.*"

This aim is entirely in keeping with the Christian precept of charity and of "doing good to all."

It leaves intact both the principle and the concrete realization of the rights of private ownership. How far it may be advantageously extended through the different ranks of society, and what industries, professions, or functions of commerce it may successfully be applied to, are questions which can only be answered by a slowly acquired experience.

If however, we take co-operation as a method of economic and social action, we may define it in these terms: It is a voluntary union of persons for the pursuit of economic and other goods for their common advantage, on a basis of equity and equality.

71. The most satisfactory method of dealing with this description will be to take each member separately and explain it.

(a) It is *voluntary*, and therefore not set up by the State, but freely adopted by individuals.

(b) A *union of persons*. The condition of membership being the payment of a small entrance fee and engaging to take a  $\frac{1}{2}$  share.

(c) For the pursuit of *economic goods*. This is done in three ways—by production, by distribution in the wholesale or retail houses, and by financial operations, *i.e.*, by credit.

(d) And of *other goods also*, namely, education, recreation, housing.

(e) For *their common advantage*. This may, in the first instance, be gain, but mutual help, social work, and various friendly society benefits enter definitely within the scope of the movement. Hence we see how far co-operation agrees with and how far it differs from the club or friendly society.

(f) On a *basis of equity*. Trading is to be honest and honourable, as, for example, in refusing to purchase "sweated" or adulterated goods and

in paying a just wage. Current rates and prices are accepted provisionally and trade union rates of wages are adopted.

(g) And *equality*. Strictly speaking, the ideas of employer and employee, trader and customer, have no meaning within the circle of true co-operation.

Still, as producers and as distributors they employ capital and receive shares, use labour, make profits, and distribute dividends. From this we see that the higher creed of co-operation is far removed from Socialism. Its position is that of a half-way house between Individualism and Collectivism.

The simple and primary aim of co-operation is the saving for the co-operators of those profits of trade which would otherwise go into the pocket of the individual capitalist. Co-operation endeavours to render unnecessary the master, the merchant, the middle-man, and the shopkeeper.

72. The principal forms of co-operation are three :—

1. *Production*.—Production, as taken up by the co-operator, is applied to agriculture, manufacture, and every other department of production. This is the most essential form of co-operation, was the first to be tried, and yet has been the least successful. Agriculture has recorded the greatest successes in this class, and a future seems to be opening out in this country for the application of co-operative methods to the development of the land. The co-operative manufacturers have yet to grasp the principle that their production must be conducted on sound business lines—on those conditions which have ensured success in the ordinary trade ventures which have been carried on honestly and honourably. Above all, four

things must be regarded as of absolute necessity for the success of manufacture on a large scale (i) sufficient *capital* to start and maintain the enterprise with sufficient plant to work it effectively; (ii) technical and commercial *ability* and experience in the directors; (iii) a courageous and steady *management*; (iv) a minimum of interference with a really capable manager, who should have *authority* and be obeyed.

To this might be added fidelity to the co-operative ideal, so that when success has shone upon their efforts the co-operators should not assume the air and manner of a capitalist society and look upon themselves as a privileged section to which others may be attached only on less favourable conditions.

2. The *Wholesale co-operative distributing businesses*. These have met with encouraging success.

The *Retail business*, which on the whole has achieved a remarkable success and continues to grow, both in England and in other countries.

3. The financial or *credit* societies, of which indeed, we have had too little experience in England, but which have done excellent work in various parts of the continent of Europe. Mention may be made of the celebrated Raiffeisen banks in Germany, forms similar to which exist in Belgium and Italy.<sup>1</sup>

<sup>1</sup> The *Piccolo Credito* (Small Loan and Deposit Bank of Bergamo advances loans at a minimum rate to the peasant proprietor, the small tradesman, and the small manufacturer. In 1890 it had 570 shareholders, holding shares of 20 francs each, with a capital of £5,285, and produced a dividend of 2½ per cent. In 1905 the shareholders numbered 2,473, the capital had ascended to £45,119, and the dividend was 16 per cent., while the sums deposited that year amounted to over £500,000. In 1910 more than eight hundred Raiffeisen banks under co-operative management existed in Italy (see *The Month*, May, 1911).

**73. Defects ascribed to co-operation :—**

1. It lowers prices and wages. (This, when correct, is due to purely local circumstances.)

2. It interferes with legitimate trade. A serious question, no doubt, has from the first been raised by the methods of co-operation.

In earlier days the co-operative store was managed by workers, say, in silk or cotton, after their day's work in the factory. They took up as amateurs another business which the ordinary shopkeeper looked upon as an interference with the legitimate trade of the locality. The condition caused annoyance, but the co-operators were within their rights. Now that these stores have their regular assistants the difficulty of competition remains under a more serious form, the point being that a member of the society can obtain his goods practically at cost price.

(The argument that distribution provides a living for the retailer is not valid as against co-operation. The point is that the retailer has taken up the occupation because distribution was necessary. Now distribution is not for the benefit of the retailer, but the retailer exists for the distribution. The distributor is for the consumer, for the people, for the greater number. If, therefore, distribution is better done by co-operation, then it is wise to adopt it.)

3. If the producing co-operative company is small, it becomes thereby a competing business, and is therefore harmful to the industry. If, however, it be large, it at once creates a monopoly. Yet if the monopoly embrace only a portion of the community, there is again competition ; but if it extend over the whole community, we have Collectivism.

(To this it may be replied that the spread of



co-operation over every trade and industry would not necessarily involve the State ownership of and control of industry, which is the central idea of Collectivism.)

4. In the co-operative system it is alleged that the chief issues of the social question may be, and often are, ignored, the main object being to save rs. in the £. But this clearly is not so important a matter as fixing the proper standard of wages.

(There can be no question as to the fundamental importance of determining the rightful standard of wages ; and it follows that Trade Unionism, which deals primarily with the wages problem, should go hand in hand with co-operation. Few can entertain any doubt about the many advantages of co-operation as a system. It encourages a spirit of thrift. It necessitates cash payments. It has accumulated many millions of savings belonging mostly to the working class. It provides wares that are good, even though they may not be of the finest quality.)

**74.** Association is a primary need of our society : associations of employers, as we have seen above, and associations of the employed, lest they remain defenceless and fight against, instead of for, one another. The State will act with more consideration for the independent manhood of its members if it acts in accord with and in support of the just claims of the professional organization.

The solidarity of separate industries, not of any form of State Collectivism, is the need of society to-day.

What the worker clamours for is justice, but not that alone ; he claims equitable treatment, and not merely equity, but treatment on Christian lines, and these will on occasion call for a generous participation in the success of an industry. He

wants a reasonable security of employment, a special reward for unusual merit, opportunity to improve himself and his position. All these he may obtain in so far as the Catholic idea of the solidarity of masters, men, and trades is realized in fact.

1. The workman needs more support and protection.

2. The master should treat with his men and not with the leaders of a political party.

3. As Catholics we desire a Trade Unionism inspired with the Christian conception of virtue. In Catholic countries this is now being actively brought about. In England a step forward has been taken by the National Conference of Catholic Trade Unionists.

The future is with association as the check to individualism. The workers were the first to adopt it, the employers have followed, the middle class have already made a beginning of association in some countries, and others will speedily follow their example. The two forms of association among the workers, trade-unionism and co-operation (as distinct from insurance or club benefits) are two strong and growing forces in the new movement. One who loves the memories of the past need not despair of the future. Every future is unlike the past if we compare epoch with epoch. He only is wise who tries to understand his time, its forces, and its currents, and then, with all he has as a Christian (Church, Sacraments, grace, courage) sets himself to the task of correction, guidance, and adaptation.

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## V. ECONOMIC FREEDOM.

**75.** Economic freedom is the state in which a man may produce, distribute, buy, sell, or exchange commodities of all kinds at his good pleasure without let or hindrance from any quarter. Clearly no man is at liberty to do this. He must at least observe the precepts of the moral law with regard to elementary justice. And in other respects also freedom in the various stages of economic activity is controlled in every civilized community.

i. *Taxation*.—First come the restraints and charges of taxation.

The State has many responsibilities for which money is required. Consequently, it exacts a toll from the wealth of the people. The chief obligations imposed by the State are the following:—

1. *Taxes on Property*.—The income tax and super-tax lay an embargo on profits. The house duty and land tax touch the holder in his enjoyment of the economic goods of houses and land. The estate, legacy, and succession duties limit his

freedom in the disposal of his property at death, when the State heavily mulcts his bequests.

2. *Taxes on Commodities*.—Numerous burdens above the cost of production are placed by the excise and customs duties upon ordinary commodities of life, such as tea, coffee, cocoa, sugar. This is done either for the purpose of protecting some home industry from foreign encroachment, as in the case of lace, or as a charge on the use of a luxury, as with tobacco, wines; or, again, for the purpose of raising a large sum by a small tax upon some article in common use, as in the instances of tea and sugar.

3. *Licences*.—And yet further the liberty of the subject is interfered with by the requirement of a permit or licence to sell certain articles, such as alcoholic drinks and tobacco, to use others, like a gun or a motor-car, or to perform the duties of auctioneer or chauffeur. Thus I am not free in these various respects to own, to give, to use, or to act without payment.<sup>1</sup>

ii. *Freedom to work* in the full meaning of the term includes the liberty to choose one's own profession, or the place of one's work, or the means of exercising it. Formerly the corporations exacted a term of apprenticeship as qualifying for the practice of certain trades, while now the Trade Unions resent the introduction of the apprentice system. Lack of opportunity often deters a youth from entering the career of his choice. Many functions, like those of a doctor, a lawyer, or a head teacher may not be exercised without a recognized diploma. Certain sales are guarded by special legal conditions. Joint stock companies are required to conform to the regulations laid down by the State.

<sup>1</sup> See Devas, *Political Economy*, Book IV, chaps. ii, iii.

76. iii. *Competition*.—Competition means literally “seeking the same object together with another.” It thence comes to imply a rivalry between the individuals pursuing a particular advantage which can only be secured by one of them ; as in the candidates under examination for a scholarship, the players in a game of football contending for the Cup, or in the endeavours of two commercial travellers to obtain an order for their respective firms. The best horse wins the race, but he does not on that account kick his competitors to death. Emulation sometimes runs to the excess of an intense and determined struggle—a struggle between producers or distributors to sell their commodities. It is a struggle for the orders of customers. To accomplish this object the sellers quote their lowest prices. To be able to do this without the prospect of ruin, the manufacturer must bring down the cost of production by lowering the wages, by lengthening hours, by “speeding up,” or by reducing the quality of the materials employed.

The facts of competition in sport, games, studies, social rank, argument, law courts, conversation, and business are too familiar to call for explanation. Competition taken generally and in the abstract is not wrong either in itself or in regard of society. It involves a trial of superiority ; it is an incentive to effort, a spur to initiative and invention.

The object which it pursues may be knowledge, skill, or wealth. Its motives may be virtuous—legitimate advantage, or vicious—sheer greed of profits.

Free or unrestricted competition probably exists nowhere; and is condemned by almost all economists ; nevertheless, while competition may in itself be either good or bad, in point of fact it is

very often bad, either because its object is bad, as to seek money for money's sake, or on account of circumstances attending it, as underselling or "sweating."

77. The opposites of competition are co-operation and Socialism. The one question we have here to consider is this: To what extent should competition be restricted?

Competition, we reply, must be controlled by the requirements of the moral law of justice, and by the equally stringent obligations of charity—of charity, not in the sense of pity or relief, but of personal esteem and regard for men. Competition may not seek gain as an end of existence. It may not employ unjust means to obtain it, as by selling below the just price and so ruining others. The employer may not increase his output by the exaction of excessive hours, or curtail his expenses by keeping his manufacturing premises in an insanitary condition. Competition is reprehensible when attempts are made to form a private monopoly, when it issues fallacious advertisements or fabricates adulterated articles. And failing the power of conscience to restrain the defaulter, the strong arm of the law may be invoked to put a stop to the more flagrant infringements of justice or other moral duty.

We uphold competition, that is, of course, restricted competition, as a natural incentive to action, though not by any means the only one; for there are higher and more powerful motives, such as patriotism, devotedness, self-sacrifice, love, etc. We condemn unrestricted competition as immoral, unsocial, and we apply the same qualifications to much of the competition which plays so effective a part in the economic world of to-day.

As has been well said, "competition should be lifted to a higher level." Rightly understood and prudently applied it is a healthy remedy of indifference, and its result is to provide the community with what is best and cheapest. By means of thought, skill, and machinery it produces new commodities, foods, enjoyments, and so forth. It discovers fresh markets and the most efficient methods of transport and distribution. In a word, competition provides us with a ready and abundant variety of the best and cheapest articles for our needs and enjoyment. And if competition be properly controlled in the way that has here been suggested, these great social advantages carry with them no discredit.

But again, competition must be *just* in all its dealings with the workpeople and the trader; it must be *honourable* with its own workers, with its rivals, and with the public at large, for example, in the announcements of its wares; it should be *considerate* and not care simply for its individual benefit, but for the public good (a consideration we rarely meet with in the formation of the great Trusts).

78. The evils of too free competition may be brought together under three headings: the motive, the means, and the method.

The evils attaching to the *motive* which underlies competition are three.

1. Anxiety, not for a moderate profit, but for large profits, for all the profits and for profits on its own terms (as in Trusts).

2. Beating rivals out of the market by unjust underselling: this done, the prices are raised.

3. The artificial raising of prices by securing a monopoly, then depressing the price of the raw material, and finally raising the price of the manufactured article.

The evils attaching to the *means* of production cluster round the Protean monster of "sweating" : *e.g.*, requiring excessive hours of work ; paying low wages, especially in the employment of the cheaper labour of women and children ; "speeding up" ; defective premises ; and the use of unchecked homework.

The evils which belong rather to the *methods* employed are three.

1. Adulteration or falsification, as of precious stones, gold and silver, silk, wool, and cotton, foods and drinks, and the rest.

2. False description of goods.

3. Economic waste in agencies and advertisements.

And as a general consequence of the evil of a practically unlimited competition we have over-production and periods of bad trade with their misery of unemployment.

*Remedies.*—Some searching remedy is needed for this deep-seated malady. The lines of treatment will be in this direction :—

1. To substitute a new motive. The purpose of life is not gain, but sufficiency, contentment, and virtue.

2. To remove the unjust means :—

- (a) By barring the "living wage" from all competition : the living wage to be the first charge upon industry.

- (b) By encouraging the formation of strong trade organizations and boards of men and masters.

3. With regard to the methods employed : to penalize heavily all forms of adulteration and falsification.



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See Index, "Competition."

## vi. STRIKES AND LOCK-OUTS.

**79.** Everybody knows something about strikes. Very many have experienced the misery they give rise to. Few, perhaps, know that England suffers most of all countries from these social upheavals, and fewer still are aware that the years 1910-12 have exceeded all preceding records in the number and magnitude of their strikes. The number of strikes in the United Kingdom from June to November, 1919, was 1,341; the number of persons directly affected by the disputes was 2,557,000, and the aggregate number of working days lost in consequence was 32,769,000.

A strike is a concerted refusal of men to work until some demand is granted. The chief demands put forward by the strikers have reference to wages, hours of labour, the employment of particular persons, and working arrangements.

A lock-out on the part of the masters corresponds to the strike on the part of the workpeople, and may be described as a refusal of the employer to admit his men to work except on their agreeing to some demand. Lock-outs are comparatively rare, and need not specially detain us.

A strike may be general in the sense of embracing all the workers of a country. This is the aim of certain extremists, but has never yet been successful. A strike is also called general when it embraces all the workers in a single department, as the strike

of the engine-drivers in France, of the railwaymen in England, and of the dockers in London and Liverpool. A strike is called sympathetic when bodies of workers, without any grievance of their own, cease work with a view of lending their moral support to others.

**80.** *Have men a right to strike?*

A man is by nature free to give or to withhold his labour. He is justified in withdrawing the labour he has been furnishing when he suffers a wrong in some condition of his work. And where the mass of workers suffers, society also is a sufferer.

Man, and likewise a body of men, must have some natural defence against injury or oppression, and some means of enforcing just claims.

Now, in the last resort (short of State compulsion), there is no remedy for them except to refuse their labour. The right to strike is, therefore, a natural right, it is just, and it may be necessary.

**81.** *When is a strike lawful?*

In other words, when is a man justified in using this right? A strike is a combination, and the strikers make some demand. It is necessary, then, in the first place that the demands be reasonable, and that the concert of workpeople has been arrived at openly and without intimidation.

It has next to be seen whether the strikers are under an agreement, fair in itself and freely entered upon, to continue working. Should the agreement remain binding under the circumstances, the strike will not be lawful.

The agreement, however, may be invalid, either (a) because the employer has not fulfilled his part of the contract; or (b) because the agreement contains clauses which are unjust, and was consequently invalid from the beginning; as for example, when men or women consent to work

for any wage they can get, rather than be without money altogether, or in the case when consent was given unwillingly and by force of circumstances to work for excessive hours or else to be dismissed or not taken on. Such agreements would not be free.

Notice of the intended strike should be given to the employer.

This is usually done, is equitable, and at times necessary in order to prevent needless loss to the employer. Still, the rule cannot be made absolutely general. Swift action may prove the only way of vindicating a just claim. On the hypothesis that the employer is committing an injustice, he cannot claim a consideration which he is not himself showing.

82. In the third place, the strikers should put to themselves further questions of the greatest importance in determining whether a strike be lawful or not in a given instance.

*(a) Are the demands, if acceded to, commensurate with the loss and suffering involved in cessation from work?*

Here the workers will have to consider (1) the loss to themselves, their employers, to the locality, and the country generally; and (2) the misery and suffering caused to their families, and perhaps to thousands of others.

*(b) What are the chances of success?*

It may be imprudent to urge the most just of claims, if there is little or no chance of obtaining what is demanded under existing circumstances. Experience shows that relatively few strikes are concluded wholly in favour of the workers, and that by far the greater number end in a compromise. Failure, or even compromise, from the point of view of the striker, means loss of wages,

probably some serious loss to the trade involved, and complete or partial defeat with regard to the object of pursuit.

Should, however, the strikers obtain their demands, their success is often dearly bought.

Finally, the strike is the desperate remedy of industrial war; but, like the wars of nations, it may have its justification, while present loss may be counterbalanced by a permanent gain.

The strike may foment class hatred on the part of the employers; but primarily it expresses a sense of injustice on the part of the employed, which is present whether the strike breaks out or not.

When strikes are frequent, each new strike tends to increase the chronic disorder of the social body.

In spite of all that has been said, however, we are bound to state the fact that the improvement in the condition of the working class of this and other countries has largely been due to strikes. It has however to be noted that strikes in the United States have been in the main organized by a discontented and factious few, and attended with many acts of extreme violence, which would discredit any cause. In Switzerland, the paradise of the working man, strikes are almost unknown. And it is cheering to find that in November, 1919, the changes in wages in this country made independently of strikes (and chiefly by means of conciliation and mediation) affected directly 1,800,000 persons, while the changes occurring after a strike affected only 52,000.

**83.** *Has the civil authority any power to prohibit a strike, or to interfere with its normal course?*

(a) The civil authority has no power to annul the inherent right of the workman to strike, for this is his natural means of defence. This right

of the workman has, however, been violated by the legislatures of several countries, which have prohibited strikes in various "public utility services" as they are called—coal, water, light, and transport.

Such a course of action could only be upheld on the supposition that the State, with regard to these particular utility services, had guaranteed that all just agreements between employer and employed should be observed. Under these circumstances, to strike would be unlawful unless the State failed to give effect to its guarantee.

(b) The State may not prohibit the declaration of a just strike.

(c) Should disorder, intimidation, violence, or riot supervene, the executive is bound to make use of its authority, not indeed to put an end to the strike, but to suppress disorder. A strike implies neither "sabotage" nor a disturbance of the peace, nor threats, nor violence. These are the beginnings of civil war. A strike can only by a figure of speech be described as real war. When, however, it changes its character and makes use of physical violence, this must be prudently put down by the *force majeure* of the State.

*What are the rights of the strikers with reference to the non-unionist or the "blackleg"?*

A private individual or Trade Union, which is a form of private association, would have no right to interfere with the liberty of any individual worker in regard of joining the union of his trade, or working during a time of strike.

The strikers might, of course, employ moral suasion, or the device of peaceful picketing; but it would be *ultra vires* for them to make use of physical force. This, except in case of self-defence, belongs not to the individual or the private associa-

tion, but to the public and supreme authority.

Should, however, the suggestion be carried out of forming each trade into a corporation, legally authorized, and including on its register all the efficient men of the craft, then clearly the difficulty of the non-unionist worker and the "blackleg" would rarely, if ever, be met with. See above, n. 69.

#### 84. *Prevention of Strikes.*

The strike is no doubt an unavoidable evil in the particular stage of imperfect civilization through which we are passing; but wise and prudent changes may render the evil less inevitable, and intermittent rather than chronic. To prevent strikes the whole social order must be dealt with—religion, and moral education, the craving for gain, the mutual dislike and distrust of classes, the aloofness of the wealthy, the proper regard for workpeople, etc. This course of treatment is slow. The troubles of the hour have necessitated the adoption of measures remedial rather than preventive. Among non-official endeavours to secure industrial harmony, the Brooklands Agreement in the cotton trade (1892-3) is perhaps the best known. According to the terms of this agreement, no strike or lock-out shall take place before both the local and the central arbitration have failed. The Conciliation Act of 1896 was an important advance. Boards composed of masters and workmen were constituted to adjudicate in trade disputes.

The next advance was the appointment of Arbitration Boards (1908), in which, failing a settlement in the Conciliation Boards, a conclusion might be arrived at by the deliberations and judgments of an independent arbitrator.

Both these expedients having proved inadequate

to the changeful difficulties of the situation, an Industrial Council was constituted in 1911. This body represents the chief industrial associations both of masters and of men. Its functions are partly to advise the Government and partly to supplement the action of the Conciliation Boards. Still, voluntary effort and legislation are in numerous instances alike ineffective, owing to the unwillingness of one party or the other to keep to the spirit of the terms of agreement.

The now celebrated Whitley Report marks a significant step in the approach to a good understanding in industry. Its professed aim is reconciliation as against strife, reason as against prejudice, give and take as against selfishness. Its dominant idea is the union of men and masters on the basis of their existing organizations. Trade Unions and Employers' associations establish a Works Committee suitable in character to their local circumstances for the purpose of dealing with the special conditions or concerns of workshop or factory. Above these come the District Committees of the same industry, competent to arrange wages and hours of work. Above these again are the National Councils representing the whole industry, and authorized to speak for all the firms of that industry and for all the workpeople of each. The utmost freedom is recommended in the constitution of the various bodies and in discussion. Complete immunity from State interference is granted. The State nevertheless will continue to make use of the National Committee of the particular industry as a Consultative Committee for such objects as individual training, utilization of inventions, research, improvement of designs and quality, and legislation affecting workshop conditions. The subject is of such importance

as to demand mention at least in these elementary pages ; but the student should obtain (*Industrial Reports*) No. 1. *Industrial Councils*, 1d., including the Whitley Report and No 2 Works Committees, price 6d., published by the Ministry of Labour and obtainable through any bookseller.

The right to refuse his labour or to strike is natural to man, and its use under certain conditions is legitimate and cannot be taken away by law. This right will inevitably assert itself openly or covertly as long as there are industrial wrongs to be redressed. The strike however may be forestalled by humane and considerate treatment on the part of masters and foremen, by reflection on the part of the workers, and especially by the Committees outlined in the Whitley Report (see p. 116).

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### Section 2.—DISTRIBUTION.

#### i. OWNERSHIP.

85. We have been learning that all things we use come from nature's magic store, and are made up, too, by nature's powers in ourselves and in the things we fashion. We create nothing. We merely produce, that is, we make something different from what it was. We have seen how things are transformed, what mighty and subtle agencies go to make the world so wonderful a



place to live in—a place of constant changes and advancement—nature, capital, mind, the hand and skill of the workers all combining.

But what of the things so made, and of the things out of which and by which they are made? What of the land, its surface and its undersurface, the woods and the gardens, houses, workshops, tools, machines, and the countless things that come of them all? Whose are they, and on what plan or principle are they to be divided among so many people? This simple question lies at the very depths of our study. Here is drawn the dividing line which now separates the moderate man and the extremist, the reformer and the revolutionary, the old and the new, the possible and the impossible.

Whose is the land? Whose are the mines? To whom do the cattle, the trees, and the flower gardens belong? Whose are the houses, the factories, the clothes, the food? Whose the railways and the vehicles that carry things about from the place where they are made or sold to the people who want them? The word "whose" arrests us. It carries with it the notion of "ownership" or "property."

Only the main lines of this subject are here traced out. A more minute and detailed treatment must be sought elsewhere. (See Readings, n. 91.)

**86.** And first of all, what do we mean by the terms "ownership" and "property"—two words really for the same thing? The former is derived from the word "own," which means that which is identified with oneself: hence it comes to signify a reservation of something to oneself. The latter is derived ultimately from the Latin word *proprietas* (property), which probably comes from the adverb "*prope*," meaning "near to." In this way pro-

perty would express the nearness or attachment of some object to a person. The use of the word property, as shown by history and by the evidence of language, has been practically identical in all times and countries. Property, then, or ownership has come to be accurately described as *the right to the exclusive retention and disposal of an object*. To make this quite plain, we will take the different elements separately.

*A right*: that is, a moral claim established in human nature and recognized by the intelligence. Hence it is the apanage of man alone. *To the exclusive retention*: as the tenant of a house or field, the hirer of a boat or taxi-cab. *And disposal*: the owner may (a) convert his property into something else, as wood into furniture, or exchange it for money; (b) use it up, as food, clothes, etc.; (c) destroy it, as useless books or old fittings. Still, it must be remarked that no man has a right to abuse things, not even his own property, for this is to act against the natural purposes of things. Things useful are to be employed, not destroyed. If I destroy useful objects, as good furniture, set fire to my house or throw my money into the sea, waste it prodigally, or pour my wine down the gutter, I commit a foolish act of waste for which I am responsible, although I may not have injured any one nor have any bill to pay, nor damages to make good to any one.

*Of an object*: the objects in my possession may be for consumption, as food or clothing; or they may be of that lasting character which comes under the designation of real or personal property; the latter being the movable goods and chattels belonging to a person, the former consisting of the more substantial assets of his land and houses. Finally, the force of the word *exclusive* must not

be missed, as definitely setting aside the interference of other individuals. It does not, however, set aside the interference of the divine law, nor, indeed, of human law under certain conditions, which have been sufficiently dealt with for our purpose under the heading of economic liberty. The general exclusion of others needs further explanation. Thus, the food I eat or reserve for a future meal, the bed in which I sleep, the chair I sit upon, the money I have received in wages for my output of energy : these are mine, and in no sense another's. No one can deprive me of them without injury. But even this exclusion of other individuals has its limits. The reservation to myself of particular goods suffers definite restrictions :—

1. My use of what belongs to me must not wrong anybody ; as when I refuse to till my land in a time of famine, or to refuse to let lands to farmers starving for want of a holding ; or generally by withholding natural resources from development.

2. In case of extreme need, the sufferer may take what he needs from my belongings without leave. In such an extremity they would cease to be mine. Nature would give me no hold on them in the presence of the dire need of another man.

3. All property has its social relations. The earth and its stores were not intended for any one man, but for the sustenance and happiness of all. A man possessed of material goods is bound to assist others in their needs, if he has more than he requires himself for his becoming maintenance.

In addition to this, property is subject to legal restrictions in the imposition of taxes, compulsory sales, and in the appropriation of the spoils of just war.

“ The Christian doctrine that private ownership

is not an absolute right, but merely a form of stewardship (according to which the individual holds his wealth from God and is obliged to administer it for the benefit of others, as well as of himself), was more frequently preached of old, and more generally and vitally accepted than it is to-day. . . . Every man performing a function in the mediæval organization . . . the lord of the land, the serf, or the apprentice, was regarded as rendering a *social service*" (Ryan, *The Living Wage*, p. 106).

**87.** We shall understand better the various aspects of this subject by the explanation of one or two special kinds of property:—

1. *Private* property is that which is owned by a private individual, as food in the pantry, or an author's copyright; also, what is owned by a private firm, as, for instance, the property of the Industrial Co-operative Society, or of a joint-stock company, or even of a government contractor.

2. *Public* property is that which belongs to the State, such as Crown lands, common lands, public buildings, post office, telegraph and telephone plant.

3. *Common* property is (a) property enjoyed actually by a public or private society, as the stock-in-trade of partners in business; (b) that which is not as yet enjoyed or held by any one, because no one has yet appropriated it, as the land before a tribe *settles* upon it.

**88.** On the right and possession of property.

(1) Some have thought that, whereas many goods are held in common to the general satisfaction of all parties, it would be well if all goods were held in common and there were no such thing as private property.

This extreme view is now abandoned. All see that at least a man's food must be regarded as his own when he takes it, and that generally a man's

clothes should be his own, and, indeed, the little things he has collected, like his furniture, his books, or his hobbies. So far, then, as things of this description are concerned, we need not seriously discuss the question of private ownership, either as regards its lawfulness in the abstract or its actual exercise.

The right of property in the two great sources of wealth (the land and the means of production) and the chief public means of transport is called in question by one school. And this right is questioned usually, not as being *in itself* open to any criticism, but because a current theory of social restoration deems it under existing circumstances harmful to the community at large. To be quite clear: it is not so much the abstract right of property that is called in question as its particular application at the present stage of the world's advancement.

We will explain the matter by one or two simple statements of the view that the right of property both in theory and in fact is indisputable.

1. The system of common property has been repeatedly tried and has always failed.

2. Whenever human society has reached a stage of settlement, it has invariably shown itself opposed to a simply common ownership of land and other real property. There is little chance of its changing now.

89. On the other hand :—

1. The effective argument against private ownership, and the one most frequently employed, is the contention that, since it is subject to grave abuses, it should therefore be done away with.

The statement that serious abuses exist is but too true, while at the same time it is grossly exaggerated. In any case *an abuse does not abolish a right; it simply calls for correction.*

2. The land was meant for all as a common heirloom. It would be impossible to show that any man is excluded from its benefits.

True: the land, with its boundless fertility and resources, is intended for the sustenance of all; but there is absolutely nothing to support the hypothesis that all men were intended to be farmers or landlords. The elementary laws of our existence show that in whatever way the land be exploited, its primary object is to keep the race alive generation after generation. Consequently, everybody has a claim upon the land, but this claim need not be more than an indirect claim.

3. Some lands are common, as public parks, playing fields, sewage farms, and some enterprises, as the postal service, tram service, railways in some countries. Now, all these work well. Therefore all land and all commercial enterprises ought to be in common, and would work well. Unfortunately, from "some" to "all" there is no possibility of drawing an inference, unless it be first shown that the "some" are of precisely the same kind as all the rest. This is what is not the case. The things found in common and which work well are certain municipal services and certain transport services, called by the general name of "public utility services," and are of the nature of monopolies. The transition from these to the ordinary business concerns and to the intimacy and surroundings of family life is long, difficult, and unpromising. The small and separate business supplies particular wants, while all that goes to make up the family estate, however small, is a matter of immediate and personal concern, taste, and need, and the reward of special energy, thrift, or forecast. Modest though it be, it bears the imprint of personal independence.

Collectivism is a caricature of our social status and the violent repression of our clamorous instinct of freedom. This new type of life has not even the merit of being presented for our acceptance under a specious guise of liberty. In short, the claim of a man to property is the voice of his independence. Independence, no doubt, is mightily abused and has grown into a vicious individualism. For all that, independent action, independent resources and capabilities are the proper functions of a man. They are the ground on which, or the materials with which, our highly prized liberty works, plays, and triumphs. A man uses his opportunities to improve himself and his position—to attach to himself the things he stands in need of, food, clothes, and all that belongs to the minimum at least of reasonable living. Without prejudice to the equal right of another, he may, by the right use of his freedom of action, surround himself with such commodities as will ensure the independence of himself and his family in regard of sustenance, education, and future provision against illness, accident, misfortune, and old age. And to put all this in its simplest form, we may lay down the following train of reasoning:

90. (a) A man has an inherent, personal right to live: and this includes the right to attach to himself those commodities without which life is impossible.

(b) He has a primary right, from the very constitution of his being, to live as the head of a family, and therefore to attach to himself those goods which make the family what it is—the natural unit of human society, whence society springs by the voluntary combination of similar units under a great natural authority.

(c) The individual and the family have the same

rights to education, recreation, and provision for their varying individual or domestic needs in the future. They are endowed by nature with these rights antecedently to the existence of any State : the State, therefore, cannot abolish, modify, or supersede them.

(d) No law can interfere with a man's appropriation to himself of that which has not been appropriated by any one else, or to exchange that which he holds in possession for something which is in the possession of another.

(e) The same right that applies to the possession of movable goods applies also and for the same reasons to immovable goods, such as land and houses.

(f) The only limits to the individual right of property are the higher individual rights of others. As long as these are not violated, the right of ownership is intact and unassailable.

(g) From this it will be apparent that the right of ownership is real, natural, personal, but is also conditioned upon the needs of others, namely (i.) of those in want ; (ii.) of the general welfare. Hence the poor have a claim upon the wealth of others. The State has the right to tax the property of its subjects for the advantage of the community. The community has a claim on land which is urgently needed for some public service, as for a road, a reservoir, a railway, or a public building.

(h) These rights, especially those of real property, are defined and modified by the existing conditions of society, as, for example, in the forms of land tenure in vogue at different times and in various countries.

91. Would, then, the nationalization of the land be in conflict with the natural right of ownership ?



(a) It would not be in conflict with the abstract right of acquiring land.

(b) It would, nevertheless, be in conflict with the right of property, and consequently against the obligation of strict justice, if the nation took the land from its present owners by a progressive land tax, whose object was the extinction of all private ownership of land, or in any other way without adequate compensation.

The same reply must be given, and for the same reason, to the question concerning the nationalization of the mines.

The same must be said of transport services. And we have an instance in the just transfer of the telephone service from a private company to the State in 1912, and in the amount declared by the arbitrators in January, 1913, to be payable for the transfer.

Although we see no likelihood of any of the above-mentioned forms of nationalization coming about, we should deem it to be undesirable, because tending to the miserable condition of a "servile State" and the creation of a national bureaucracy. A national bureaucracy is always a tyranny, whose least vexatious form is the ridiculous routine of red-tape.

The nationalization of education has hitherto been a deplorable failure. Faddists have had their way, and the whole nation has suffered. The nationalization of the poor relief in this country is, in the main, the unhappy result of the brigandage of Henry VIII. The constitution of a Ministry of Health, the introduction of school clinics, the medical inspection of school children<sup>1</sup> and the

<sup>1</sup> On this subject Mr. Balfour remarked in the House on April 10, 1913: "Broadly speaking, I call that a great reform, and I think it will lead us to an amount of

feeding of the necessitous—all at the expense of the public—are not things in themselves desirable, or expedients of which, as a nation, we ought to be proud, but they are necessary under the circumstances of our social and economic condition. They are aids for those who cannot or do not help themselves. They do not exhibit the types on which a prosperous State should be planned. Self help is a motto of freedom.

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## ii. GENERAL NOTIONS OF DISTRIBUTION.

92. After the commodities have been produced for the benefit of the public, we are faced with the inquiry as to the way in which division of the results is to take place. This division in all its forms is represented by the term "distribution," which is the assignment of the output of productive energy to the credit of those who have taken part in giving it existence as an article of special value.<sup>1</sup>

knowledge connected with the health of the rising generation and the way to bring up successive generations which we do not possess at this moment."

<sup>1</sup> This meaning of the term should not be confused with the narrower meaning of "disposal" (i.e., carrying or selling) of the manufactured article by means of transport, warehouses, and shops, or in other words, the conveyance of the article from the producer to the customers who purchase it.

When a locomotive is placed on the metals of the company which has bought it, we have to consider not only the scientific knowledge of the designer who conceived this particular form of four-cylinder compound engine, but the skill and strength of the numerous workmen who have made and fitted together its myriad parts, and the intelligent direction which has combined and conducted the united efforts of all concerned in the production. All these factors have co-operated directly in the completed work.

In addition to these workers there must be taken into account (*a*) capital, in the shape of plant and ready money required during the construction of the engine, and (*b*) the value of the land on which the works are laid out.

In other words, in every business there are the claims of (*a*) wages for the workman, (*b*) salaries for the manager and his assistants, (*c*) interest on capital borrowed or sunk in the concern, (*d*) rent of land or buildings, and (*e*) net profit which the owner of the business is entitled to expect.

All concerned have entered into an agreement for their remuneration—workmen, foremen, manager—all engaged for a definite sum to contribute their skill or strength. Those, also, who have provided the necessary capital are to receive so much per cent. The owner of the land or buildings has his fixed rent as agreed upon. The remaining proceeds of the whole enterprise (if there be any) go as net profit to the owner of the concern.

The owner of a business may be a single individual who has laid down the plant, provided the machinery, materials, and staff, and agreed, moreover, to accept the responsibility of paying the fixed charges above mentioned. He takes all the risks of loss, and claims all the profits that are

over and above the gross expenses of the enterprise. (See n. 126)

Often the undertaking is the property of many who, by agreement, share the profits among themselves at an equal or proportional rate. Thus we have a firm of partners or a joint-stock company. The partners may take an active share in the enterprise, or one or other may merely contribute capital, as a sleeping-partner. In a company the number of those partners in the undertaking who merely contribute capital and vote upon the general policy of the company may be very large.

Still, their share in the work of production is remote and non-effective. What powers they possess are exercised through the medium of a board of directors whom they elect and to whom they entrust the appointment of executive officers and the general management of the business. As a rule shareholders take no interest whatever in the details of manufacture or the conditions under which production is carried on. They are content to receive their dividends, and so long as these are satisfactory they ask no questions. Speaking generally, the shareholder concerns himself with the rate of interest on his capital and with nothing else.

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#### iii. RENT.

**93. Meaning of Rent.**—Every one is familiar with the use of the word "rent" as payment for

the holding of a field or the tenancy of a house. This payment is made for the use of some advantage belonging to another, and applies equally to a farm, a cottage, or a factory. Things which are rented are either the immediate gifts of nature, as land or mines, or things materially transformed by human skill, as houses. These gifts of nature may be appropriated in any of the usual ways by which property may be lawfully acquired, for example, by occupation, inheritance, purchase, etc. From this it is easy to see that since the ownership of property is just, so likewise is it just to let the use of it to another, who pays a sum of money, or rent, for this advantage.

**94** *The Rate of Rent.*—Rent will vary with the use-value of the object rented, with the fertility of the field, the convenience of the house, or the situation of the shop. And as in all questions concerning a just price the final arbiter is the public judgment, so also is it with the fixing of a fair rent.

This judgment depends either upon the greater productivity of the objects themselves, as the special fertility of land in the Scilly Isles or in the vale of Evesham, or upon certain external circumstances which make a property more valuable, that is, capable of yielding a larger profit to him who holds it. Property, whether land or houses, is more valuable in London than in the provinces, or at the great seaside resorts or inland watering-places like Harrogate and Buxton than in some small manufacturing town. As long as these places are the centres of business and fashion, the public consider property there to be worth enhanced prices. We may perhaps be justified in calling this a super-value ; but it is nothing more than a just price, according to the common sense of informed and unprejudiced persons.

**95. *Unearned Increment.***—The importance of the foregoing conclusion will appear when we observe that this naturally increased value of property has been opprobriously styled “an unearned increment.”

The unearned increment is understood to be the increased value of property not due to any labour on the part of the owner, but to such external circumstances as trade, situation and the stream of population. In this sense it may be designated as a “social” increment value. The term is employed chiefly and in a bad sense to the increase in the value of land for building, rents of houses; but the idea applies equally to stocks and shares, and even to food, clothes and prices for entertainments. We should therefore in the first place ask: to whom does the increment belong? To the owner of the object. For the exchange value of an object increases with the demand. The fortunate owner of land or house property has the same right to the increased value of his possessions as the dealer in cloth and provisions to the profit of a natural rise in market prices. The rise in the value of property is due to natural and contingent advantages in each instance; for even social advantages are but the outcome of the natural laws of society.

Nor can it be overlooked that precisely as natural causes bring about a rise, so they are as surely the cause of a fall. The laying of a tram-line will close the shops in a street. The running of motor-cars along a road will depreciate the value of the house property that lines it.

**96. Abuse of unearned increment.**—But when we have justified the existence of the unearned increment, we are bound to point out that it is at times subject to serious abuse. The owner may

take occasion from another's necessity to demand an exorbitant price. Such action is, of course, unjust. It does not, however, interfere with his right of selling at a reasonable maximum. Abuses must as far as possible be repressed. If the voice of conscience prove insufficient, the influence of a sound public opinion, co-operation, or the authority of the law must intervene in the interests of the community at large, as in "profiteering" and in compulsory sales of land. (See Cronin, *Ethics*, II. 316 ff.)

*Observations.*—(a) The term "social" rent as applied exclusively to particular advantages of position is open to objection, because all rent has its social applications, as also have all prices.

(b) Should it be contended that the owner has no right to the increment which he has obtained without effort, then in the same way it may be argued that the community has no right to advantages which have arisen without any conscious or purposive effort on its part. In the case of unearned increment, we have the action of a sociological law as natural and in itself as unpurposive as the vivifying action of the rays of the sun on a crop of corn.

(c) Increment Value Duty does not show that society has assiduously created the value taxed. The legislative authority merely applies the principle of placing the tax where it can be the more easily borne.

It may now be asked: How far may the unearned increment be taxed? The question applies chiefly to land values. No doubt the increment here is a fair subject for taxation, since the ease with which it has been obtained by the owner makes the surrender of some portion of it less burdensome than if it had been acquired by his

skill or labour. But to absorb the whole increment by taxation would certainly appear to be not merely an unjust extortion but confiscation.

**97. *Rent and Interest.***—Rent and interest are practically interchangeable terms. A man invests money in land or in house property, and looks for a return on his outlay in exactly the same way as if he had bought so much stock or lent his money on a mortgage.

**98. *Rise and Fall of Rents.***—On this point it may be briefly remarked that as the value of a commodity may rise or fall in the public estimation, so may the rent. By public estimation, however, is not meant the judgment of one section of the public, still less of the section composed of the ruling class, or the property owners alone. The people who make the common judgment of which we speak are that larger public of all classes and interests who can fairly estimate what burdens will cripple industry and oppress the weak, and what burdens are consistent with the regular and organic growth of society at large.

When prices rise, producers will find that the particular advantage which commands the higher prices is worth more to them, and they are willing, therefore, to pay a higher rent. But when prices fall, rents, too, in justice must fall with them.

We are here met by a grave difficulty. The action of the unchecked increase of rents bears disastrously on the working class. The commercial builder finds it difficult to provide accommodation proportionate to the means of would-be tenants. The community must face this problem. In some instances the employer provides the dwellings of his workpeople at a moderate or unremunerative rent. In other cases the municipality builds the houses and levies a small rate



to meet the deficit. And further, numerous societies have been formed for improving the housing accommodation of the workers. This growing movement deserves general encouragement.<sup>1</sup>

**99. Rent of Ability.**—This is payment for the use of a man's personal gifts. The training of the athlete, the barrister, the writer, the musician, the expert craftsman, presupposes natural endowments. The excellence of these endowments gives their fortunate possessor a place of distinction in his respective department. All recognize that men of this type have their special value and their market price.

No one yet has questioned the right to personal property of this description, nor the right to its free disposal for the advantage or pleasure of others, and to receive the high price which the public consider the ability to be worth. This price is called the "rent of ability." Still, in order that payment for the services of the athlete, craftsman, and the rest may be dignified with the title of "rent," it seems necessary that the ability should be engaged for a period and not limited to a single transaction. And finally, there is a limit even to the rent of ability. For the extravagant fees sometimes demanded present a striking contrast to the free generosity of nature who gave the ability.

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<sup>1</sup> See also C.S.G. *Manual*, No. III, "Housing." King & Son, 6d.

## iv. INTEREST.

**100. General Notions.**—Interest occupies a foremost place in our present economic system. Capital under the form of money always connotes interest. Enormous capital is employed in agriculture, in the extractive industries, in manufactures, in wholesale and retail trades, in the different forms of transport, in the public services, and in loans to individuals. These colossal sums are largely controlled by a gigantic world-wide system of finance.

Numbers of the independent classes live chiefly on interest derived from stocks and shares of all kinds. The little economies of the artisan grow silently in the care of the savings bank or the building society. Banks exist by gathering together sums of money from the tens of thousands of depositors to whom they pay nothing, or but a small sum, and with whose money they trade for interest. All kinds of civil, religious, and charitable associations subsist by the interest of their funded capital—money regularly yielding its interest without labour on their part. Money has become a commodity with definite functions and, when properly placed, brings in automatically, if not necessarily, abundant returns.

Along with the revolution in economics which has taken place during the last four centuries, the relations of trade, money, and exchange have assumed an entirely new character. Hence the difference between the mediæval view of reprehensible usury and the modern view of the capacities of money under social conditions previously undreamt of.

**101. Meaning of Interest.**—"Interest is money

paid for the use of money lent (the principal) according to a fixed rate (the rate of interest) "—Murray.

He who borrows may be considered to hire what may be serviceable over and over again, just as he might hire a horse and carriage. From this point of view interest may be looked upon as rent. Interest is paid at fixed intervals, generally half-yearly, and may be simple, or that paid for the principal alone, or compound, namely, that which is paid for the principal to which has been added the unpaid simple interest.

**102. *The Basis of Interest.***—Though money itself is not productive, that is to say, it does not make more money, or grow money, it is a powerful and necessary aid to production. Thus, with the increase of production, the magnitude of the concerns engaged in it, its extensive connections, the ready supply and interchangeability of products, money is always needed, and often in very large quantities. The possession of money assures financial credit to its owner, so that he can obtain what he requires at once.

The basis of interest by which in the present conditions of society money is virtually fruitful may be stated as follows:—

1. Money is employed in industry as a condition of profits. Given an intelligent man and ordinary opportunities, capital will make more capital. Allow a man the use of money; he will return the capital at the appointed time, and with it also what it has been worth to him in accordance with the common estimate of its value, which is, as a rule, the interest previously agreed upon.

2. Money carries with it the hope and assurance of a profitable investment in all kinds of industry, either by lending to the proprietor of a business,

or by contributing money to the formation of the capital of a company.

3. Money renders capital extremely mobile, both in the form of real property (as in land or building, sales of which are constantly being effected) as well as in merchandise.

Thus if money itself does not fructify, it stands for things which do. It is the equivalent of fertile and productive articles. In this sense it fructifies.

Another and extrinsic justification of interest also comes into operation. Since money is easily invested, to grant money to another is to deprive oneself of the opportunity of obtaining profits. This surrender calls in justice for recognition. The £100 which A lends to B is worth to him, say, £105 by the time B would repay him at the end of the twelvemonth. Therefore, B should make him that return.

**103. *The Rate of Interest.***—In an industrial enterprise the rate of interest charged to the borrower must be less than the profits of the concern, or money would not be borrowed for the business; and yet it must be high enough to induce the owner to lend it, or he will seek investment elsewhere.

The rate of interest is determined by the general demand for money, the amount awaiting investment, and the stability or otherwise of the security. But as interest is fixed and profits are uncertain, the latter will of necessity demand a higher percentage of the gross returns.

Then there is the risk of loss of the whole or a portion of the sum lent. This risk, though difficult to appraise, still exists, and is revealed in the various rates of interest charged.

Interest rises with the risks involved, as in shipping. It is usually greater for short periods

than for long ones, on account of the inconvenience of frequent re-investment.

The best practical criterion of a just rate of interest will be the sound and sober judgment of independent and well-informed men.

**104. *Legal Interest.***—The rate of interest chargeable in certain transactions is fixed by law in some countries, as in France, Germany, and the United States. In England, too, there are prescribed limits. A pawnbroker may not charge more than 25 per cent. The Money Lending Act of 1900 also restricts the rate of interest. Debts payable at a certain date do not bear interest from that date unless by special agreement between the parties. Compound interest may not be exacted except on express agreement. Interest awarded by the Courts is usually 4 per cent. and occasionally 5 per cent.

As a caution and a guide in this extremely difficult problem of interest, the conclusions of Dr. Ryan (*Distributive Justice*, cc. xii. xxii) may profitably be set before the reader.

(1) Interest as a whole is not conclusively vindicated on the individual grounds of productivity of capital, or services rendered to the public (p. 186).

(2) But when money saved is invested as a sacrifice to the needs of common social development, then interest is a necessary and proper compensation (p. 204).

(3) In other cases, the interest-receiver has a presumptive title, which is reinforced by the fact of possession (that is, interest goes to its receivers automatically, in exchange for benefits to those who hand it over, and without excessive exploitation of their needs (pp. 205-6)).

(4) If we set aside the title of sacrifice (n. 2.)

the other titles do not confer upon the interest-receiver a right as definite or as noble as that by which the labourer claims his wages or the business man his profits ; nevertheless it is morally sufficient, and will remain logically and ethically unshaken until more cogent arguments have been brought against it than have yet appeared in the denunciations of the income of the capitalist. (p. 208).

## READINGS

C. S. DEVAS. *Political Economy*, Book III, chap. iii. *Catholic Encyclopædia*, Art. "Interest." Also the articles on "Interest" in PALGRAVE'S *Dictionary of Political Economy*.

**105. Usury. Meaning of the Term.**—By usury we may understand the demand of payment for what bears no fruit, or an exorbitant charge for what does. Thus what is lent for the purpose of consumption, as money for food, clothing, rent, medical attendance, a temporary crisis, the discharge of a pressing claim, or to undertake some necessary journey, or provide a needful outfit—all these are loans in the strict sense of the term, namely, that they are essentially unproductive. What is lent is consumed in being used. It is wanted purely for immediate consumption, not for profit. If a charge is made for the use, then that charge must be obtained from some other source of wealth. This is to seek profit simply and without labour from supplying the needs of another. "This is to turn the misery or folly or ignorance of the borrower to the enrichment of the lender, and is thus the offence held in all times in utmost detestation, and known as usury" (Devas, *Political Economy*, p. 412).

The second form of usury is exemplified in numerous transactions both public and private, the most oppressive charges being demanded and obtained for the use of money.

**106. *The Remedy for Usury.***—One remedy, partial though it may be, it is the duty of the State to provide, namely, the protection of its poorer citizens from the cruel rapacity of the moneylender.

A second is to provide by mutual aid and co-operation that assistance for which recourse is often had to the banker and the moneylender.<sup>1</sup>

In many places there are the Raiffeisen banks, notably in Germany and in France, in others co-operative societies, as in Belgium, in others there is public lending (as with the Land Purchase Act and the Labourers' Act (Ireland)), and charitable lending as in the *Monts-de-piété* of Catholic countries.

But, thirdly, we must notice that the need of borrowing would be far less if people would return to a Christian simplicity of life. Life in almost every grade has become artificial, nervously active, pretentious, and full of morbid cravings. What we want for all is good food, plain substantial clothes, useful furniture without expensive luxu-

<sup>1</sup> Germany is far ahead of England in the application of the principle of mutual help. For agricultural purposes they had 14,993 local banks on the Raiffeisen principle, the membership of which in January, 1910, was 1,447,766. Their total turnover in that year was £261,665,000. The total number of local rural credit societies on January 1, 1913, amounted to 16,927. In the United Kingdom the co-operative credit associations are increasing slowly. In 1901 they numbered 81, with a membership of 6,014. In 1911 they numbered 223, with an aggregate membership of 22,054. In 1914 there were 216 associations with a membership of 22,273. Loans advanced amounted to £71,700, and loans repaid £77,108.

ries. We want simple games, and many of them, so that the brightness of the game may be shared by a large number ; not all of a sort, but varied, and in moderation, so as not to monopolize the time that is demanded for business and self-culture. We need time to appreciate life, to think, to pray, to associate happily with one another. This programme demands an exercise of the virtue of temperance, whose function it is to restrain the impetuosity of our desires and impulses in the pursuit of self-gratification. It implies also a considerable restriction of expenditure and the practice of thrift and self-denial. It involves the sturdy suppression of extravagance. It suggests an examination of the proportion which our enjoyments, our dress, our holidays bear to our income. It demands an inquiry into the fact as to how far our life is an artificial and unnatural one. Undoubtedly this would call for a wider distribution of the sense of justice and equity than now exists, and would imply that the acceptance of the sanctions of religion had become more general than it is at the present time.

Fourthly, we may observe that usurious loans are accepted mainly for three objects :—

1. For the necessities of life : food, clothing, medicine, or medical attendance. (Charitable societies might satisfy all these wants.)

2. For obtaining employment, transport from one place to another, or outfit. (These, to a large extent, may be supplied by trade organization or co-operation.)

3. For the discharge of debts, whether excusable or inexcusable. Here some law of " Homestead Exemption " from the bailiff or the spoiler is necessary. Public bodies might also lend the required sums. The debtor should not be impri-



soned, but afforded the opportunity of working to discharge his debt.

*Conclusion.*—The modern mind adopts the practice of lending money at interest as the most natural economic proceeding. This has arisen from the use of money for productive purposes, as under the form of capital in business. This condition, without excluding others, has justified the practice, and he would be a bold man who would condemn it. We must nevertheless clearly separate this from usury, the practice of which, in either of the forms explained, is always blameworthy. We should also remember that the Church has given but a constructive approval to the whole financial system of interest, and much might be said to show how injurious in many of its applications it is at the present time.

#### READING.

*Catholic Encyclopædia*, Art. "Usury."

#### V. WAGES.

The trend of thought and feeling with regard to the remuneration of the worker is at present setting in two opposite directions, one for the continuance of the wage system, the other for a wide extension of the principle of association. This being the case, it may be well to point out that, the method of payment by wages is not the only means by which the just and suitable support of the worker may be secured. It is rather the result of a social system that has been formed by gradual stages, and has at length become a custom so fixed and universal that many find it difficult to apprehend the possibility of any other

arrangement. During the Middle Ages, whatever may have been the prevalent inequalities and disadvantages, the wage system, as we know it, did not exist. We shall therefore deal first with the wage system, and then with the system of association. The importance of having an accurate notion of what is involved in the payment of wages, will appear from the fact that in England and Wales some sixteen million persons obtain their living from the payment of a fixed stipend.

### 1. *The Wage-Contract.*

Labour under a master takes the form of a contract. A *contract* is an agreement of at least two persons concerning a definite transaction. In the present subject it is a bargain about wages, as in the celebrated Brooklands agreement, and the miners' agreements, or in general a Trade Union's agreement with an employer.

107. The *wage-contract* is one in which a strict obligation is entered into on each side. Neither party is supposed to be privileged, nothing is supposed to be tendered gratis, just as in buying or selling, letting or hiring.

In the case of the wage-contract, the agreement on the part of the employer may be stated in this form: "I will give you so much if you will do so-and-so." On the part of the workman it is thus expressed: "I will do so-and-so for you if you will give me so much." The workman proffers the service of his strength and skill. The employer offers a return in value. The remuneration is generally called a "wage" when it is given for manual labour.

The number of wage-earners in the United

Kingdom may be set down at eleven millions, or 93 per cent. of the personnel of production. The term "salary" is rather restricted to the more intellectual forms of labour, and is usually paid at wider intervals than a week. (Those receiving salary or pay amount to some three and a half millions.)

On the side of the workman the contract obliges him to employ his skill and strength for the advantage of his master during a definite time and under prescribed conditions.

The employer pays the price at the time fixed, and is also responsible for the work being carried on under suitable moral and physical conditions. This follows from the nature of the workman, as an intelligent and moral being.

This system commends itself by several advantages.

(a) The workman is to a large extent exempt from the anxieties and risks of the business, and if his wages do not increase in a constant and equal proportion with the profits of the concern, neither do they decrease with them. Nevertheless he is not altogether without his share in the risks of the business, since if it fails or slackens, he may be thrown out of work, or be put on short time, while the employer may still carry on, or fall back on his reserves. Otherwise he is but at a small disadvantage on the supposition that he is receiving a fair wage. Besides this, the employer may be bound in equity, or, at any rate, will be wise, in the interest and well-being of all concerned, to raise the wages when a notable increase of the net profits has been effected.

(b) He receives his payment at short and regular intervals. This aids him indirectly in the moderate and prudent expenditure of his earnings.

(c) The wage-system carries with it the advantage of simplicity ; for in some cases, as for example in the numerous "services" (n. 116B) with beginners, with men taken on in an emergency, men on trial, or in the case of the less expert worker, it would be an impracticable task to estimate the precise economic value of the work performed, or the proportionate shares of the workers.

At the same time we cannot close our eyes to the disadvantages attendant on the system. These should be carefully distinguished as merely accidental, or inherent to the system as such.

1. *Accidental* disadvantages are the following :—

(a) Unsuitable working conditions with respect to hours, temperature, lighting, ventilation, periods of rest ; (b) Ignorance of the customs of shop or factory ; (c) Exclusion of the worker from any control of the processes of his work, or arrangement of the rates of remuneration. These three disadvantages may be removed by the action of the shop stewards, or one or other of the committees described in the Whitley Report (nn. 69, 84).

(d) Arbitrary or wrongful dismissal. This might usually be prevented by the sympathy and tact of the intelligent manager, or over-ruled, when unjust, by one of the local committees.

(e) The worker, especially the unskilled worker, is looked upon as a commodity to be bought at a price, as a "hand" or a machine to be employed and then set aside. For this there can be no excuse ; but the evil is made possible by the wage system, but it is not necessarily a consequence of it.

(f) The workman is said to have no interest in the product of his labour. This, doubtless, is a result which follows when the wages of the worker,

or the conditions of his work, are unsatisfactory. Taking human nature as we find it, this result follows from regarding the wage as constituting a merely cash-nexus between employed and employer. But on the supposition that these things are as they ought to be, the promptings of duty would inspire the properly trained workman to take an interest in his handiwork and to find his true advantage in so doing.

(g) On the other hand it is often felt that the worker is simply used for what can be extracted from his labour. Of course, this, as well as the previous instances, belongs to the category of abuses which must be strongly condemned; but at the same time it has to be admitted that they form no part of the system of wage-earning as such.

109. Still, it cannot be disguised that the system (*a*) often breeds antagonism between masters and men. This must be regretted; and all causes of this antagonism should, if possible, be removed. Yet it is a mistake to suppose that such mutual hostility is the unavoidable outcome of the system as such. Where there are fair wages, fair conditions, a mutual understanding, and the proper discharge of duties on both sides, a harmonious and happy relation will be maintained.

But (*b*) the payment of a money wage is said to lower the dignity of a man. This, surely, is to distort the facts. As the payment of a fixed sum for duties performed or services rendered is held to be no dishonour in the more highly remunerated positions, it cannot be a degradation when the sum is lower, though still just and adequate. Yet the bulk of men so regard the wage-earner as belonging to an inferior social class. But this view is opposed to the Christian sense.

Defects *inherent* to the *wage-system* as such are these :—

(a) Inequality, not indeed the inequality which must exist in some degree where men are born with different natural gifts, but the inequality which attaches to the unequal standing of the employer and employed in making the contract of the wage. The would-be worker must get employment at once, or starve. His employer can wait without serious loss or engage some one else.

(b) Dependence, not indeed that which belongs to the reasonable subordination of ranks in the hierarchy of labour, but that dependence on the will and power of an employer which approaches that of the subject under a despot, and which finds expression in the phrase, "Well, you can take the job, or leave it."

(c) Exclusion from a proportionate share in the profits.

Now as a joint producer he has a strict right to profits in proportion to his effective co-operation in production ; but, by the wage-contract he has implicitly surrendered that right. In this sense he has no longer any right to the proportionate share which would otherwise have belonged to him. His position has become that of a contractor for a particular job. Strictly speaking he is not in the business. He is neither owner of the materials, partner in the concern, nor shareholder. It would be well, however, if the industry be notably successful, that the workpeople should, in recognition of what they have helped to create, receive some proportionate increase in their remuneration. This we meet with not infrequently in the grant of a bonus, in the sliding scale of payments, and in the various forms of profit-sharing, as distinct from co-partnership properly so called (n. 912).

1a. *The Contract of Partnership.*

109A. In marked contrast with the wage system stands what may be called the contract of association or partnership. A B C and D agree to construct, let us say, a carriage. A furnishes the materials, the drawings and directs the work; B does the woodwork, C the metal work, D the upholstering and the painting. The carriage sells, say, for £100. The net profit, after paying for the materials, the tools and rent of shop, is £40. Each of the producers justly claims his share in the proceeds according to the importance of his particular work in the product, let us say, A £15, B £10, C £5, D £10.

In this conjoint operation we notice that, although each of the workers is indispensable, their respective contributions are differently valued. The workers are mutually dependent, though equal as contracting partners in the undertaking. Each recognizes that he needs the other. They work together not for a stipend (independent of the full value of their work) but for the result which is their common property, and the market price of which they equitably share between them.

They are the only effective producers. A may have borrowed money to buy the necessary materials; B may have engaged a carter to convey his wood to the shop. A landlord has let the shop at a rent. But neither the moneylender, the carter, nor the landlord (though necessary for the production of the article in question) can be called effective producers. They must all be paid a suitable remuneration for their work of course; but their claim is "for services rendered," the claim of A B C D is to the value of the work

they have jointly produced. All who contribute effectively by brain, skill or muscular strength to the production of an object of economic value, have thereby the same right to participate in the division of the value produced, due regard of course being had to the intelligence or other qualities of the respective producers. The enhanced value due to labour, intellectual or physical, is theirs naturally, with the joint responsibility of paying the necessary charges on the proceeds—but the net profits are theirs. The profits should be declared to those to whom they belong; and they should be equitably distributed without respect of persons. As a rule, the employer, being already the proprietor of the business, is unwilling to disclose his profits to his workpeople; while the workers are unable to enforce a statement, owing to their disunion or economic weakness. They have only the force of numbers; and numbers are effective only in combination. All engaged in production—working-employers, managers, craftsmen, unskilled helpers,—have a natural right to associate for their common advantage. They have no right to dispossess the non-working partners of the enterprise, or the shareholders who control it through the directors; but they have a right not to be themselves dispossessed of a claim which is as good as that of others, a claim which, however, by force of circumstances, they have tacitly consented to be deprived of. There is however nothing to prevent them from seeking a restitution of their surrendered right. The natural rights of the whole body of producers can only be adequately adjusted by complete association of the effective producers in one corporation of industry.

The difficulties of such a combination are not



slight ; yet they do not appear to be insurmountable : and the broad and strong current now running in the direction of co-operation, democratically controlled industry and fairness all round, gives hope that much will in due course be effected in this direction. Briefly the wage-earner in industry has abandoned his claim to a proportion of the profits. He has become a mercenary rather than a partner, a commodity rather than an artist-craftsman. He remains actually or practically at the same pay, while the employer or shareholders draw large dividends for their inactive (*i.e.*, non-effective) participation in production. He is the victim of the omnipotence of wealth, of the prejudices of station, and the social inferiority of labour.

This does not mean that an equitable wage, under existing conditions, *as a wage*, is unjust. But it does mean that the status created is unfortunate, and a root cause of social discontent. The remedy lies not in the way of the Trade Union, but in a new spirit and a new policy of approach, adjustment and of co-operation or "corporation" on a large scale, some new adaptation of the Guild System of mediæval times without its narrow localization, its petty monopolies or its contracted vision. In other words the remedy seems to lie in the way of some acceptance of a carefully designed system of national guilds, without however the drastic elements of socialism which deface it. (*See Guild Socialism C.S.G., 6d.*)

One or two further observations will help to clear up the situation.

1. The contract of partnership looks to a continuance of production. In this it is contrasted (*a*) with the single "job," as where a man contracts to mow a lawn, sweep a chimney or repair a burst

pipe ; and (b) with "service," whether domestic, civil, military, educational or religious, where nothing can be said properly to be produced, or nothing that is capable of being estimated on a cash basis. The vital interest of this matter centres on the producers of material wealth—usually called the working-class—who in the aggregate form by far the largest body in our community.

2. The common impression is that a fair wage discharges any claim on the part of the wage-earner to a participation in the total value of the article produced. True : but this discharge presupposes the native right of the co-operating worker to be accepted as an associated partner, but who, for a given sum, has "contracted out."

3. The association of many of the workers, it is thought, being so slight or easily dispensed with, hardly calls for special consideration. This is to some extent undoubtedly the case. For all that, the essential position of the worker is not thereby affected. He remains still an associate, not a tool or a hireling, and he is bought out of his right. What indeed matters is not so much the fractional importance of a single worker, but the massive importance of the joint workers' contribution.

4. That the worker consents to be expropriated and placed in a state of inferiority shows that he is helpless in the matter, or that he does not realize the dignity of his personality, or that he is ignorant of social history. His consent may justify the other contracting party in the appropriation of what should have gone to another, but it does not change, nay it re-affirms the rightful status of the co-operating producer. He is by the very fact an associate in production, and

in so far as he is a producer, the product belongs to him. (See Duthoit, *Vers l'Organisation professionnelle*, Reims. P. A. Belliot, *Manuel de Sociologie Catholique*, pp. 239 ff. Paris, Lethielleux.

## 2. *Different Kinds of Wages.*

110. By a wage, then, we mean the remuneration of labour performed by the measure of time or piece.

The *time-wage*, which is alone possible in many occupations, ensures a fixed sum to the worker and avoids the danger of excessive strain. It is, however, open to the inconvenience of giving the skilful and industrious worker no advantage over the less skilled or the idler. It thereby deprives the better man of the premium of his natural gifts, or the just rent of his ability.<sup>1</sup>

The *piece-wage* favours the diligent and rapid worker, dispenses with or diminishes the cost of supervision, and in many instances allows the worker to carry on his industry in the midst of his family, as is often the case in the tailoring and shoemaking trades. Still, it is liable to entail the serious drawback of subordinating quality to quantity.

The *nominal* wage is the actual sum agreed upon and paid.

The *real* wage is the purchasing power of that sum. Thus, while the actual wage received by a worker may be greater than it was ten years ago, it will buy no more than the previous wage and perhaps even less, since the prices of commodities have risen.<sup>2</sup>

<sup>1</sup> Still, the employer is usually quick to observe ability, and, if wise, will not fail to reward it by an increase of wages.

<sup>2</sup> The cost of articles of common consumption had increased 16 per cent. between 1900 and 1914, and by

The *current* (usual or customary) wage is the wage actually given either generally or in a particular locality. Thus the sweated wages of the chainmakers of Cradley, of the hollowware makers of Bilston, of the glovemakers, of match-box and paper-box makers, were all rates long current in their respective trades and districts.

The *standard* wage (though also a current wage) usually indicates an acceptable tariff fixed or agreed upon in certain employments.

The *contract* wage is the wage actually agreed upon, and suggests that the agreement has been arrived at not on any grounds of justice, but rather as a result of the employer's need of labour and the applicant's need of some sustenance, however inadequate. Thus our women workers are often prepared to work at any price and under any conditions.

111. A *just* wage is the true value of the work considered in itself. There can be no justice unless the money value given in exchange for labour corresponds to the exchange value of the work performed. The exchange value is the price of the work. The price is fixed by the common judgment of men with reference to the relative value of the two terms, namely, labour and the object produced by it.<sup>1</sup>

In other words, a just wage is the true value of

December, 1917, the increase had reached 105 per cent. Or to put it in other words, taking the purchasing value of the sovereign at 20s. in July, 1914, in December, 1917, it had fallen to 9s. 9d. The average pit-mouth price of coal in 1898 was 9s. 11½d. a ton. In 1912 it was 14s. 9d. per ton, in 1918 it was 18s. 1¼d.

<sup>1</sup> Of course, cost of material and other necessary expenses of production are not here considered, but simply the common estimate of the real value of the output of the workman's energy.

the work as a useful product. The work is equalized with its value: that is, with a value expressed in money or other objects, such as house, coal, clothing, etc. The root of the matter is, what is the worth of a man's output of transforming energy? The answer is that its worth is the cost of a man's living. What is it that determines this sum, namely, the value or cost of a man's living? It is nothing but the common judgment of men. Hence it is the common judgment of people, who in different countries, with different characters, and under different circumstances, determine spontaneously the particular sum which a man requires for his decent livelihood.

To put the matter in other words:

A man has a right to live. He can only live by the goods of nature. He obtains these goods by some exercise of energy, which is called labour or work. That work is the ground of his claim for sustenance. Men appraise the value of that output of energy. This human valuation depends upon two things: (i.) upon the usefulness of the object produced by the man's energy, and (ii.) upon the estimate of what a man requires to support himself in a becoming manner. This estimate put into the form of money is the equivalent of the man's energy and skill. It is therefore a just wage.

Consequently this equivalence between work done and wage paid constitutes the justice of the transaction: equal is rendered for equal.

The demand for this equivalence on both sides is the claim of strict justice (J. A. Ryan, *A Living Wage*, pp. 85-94).

The abstract justice of the claim is clear enough. In the concrete, it is capable of realization in terms of goods required and their prices (food, clothing, housing, education, recreation, future provision).

The only general ground for refusing this claim would be that there are not goods enough to go round.

It is easily demonstrable that there are plenty of nature's goods for all. At times they do not go round partly because they are wasted, and partly because they are "cornered." If, however, there were not enough in existence to supply the needs of all, we should have to set about producing more from the abundant resources of nature.

But can it be said that wages may be due in strict justice and yet may vary from a minimum to a maximum, from the lowest to the highest rate? This can certainly be said. For a wage is a price. It is determined by the common judgment, just as the prices of commodities generally;<sup>1</sup> and for the same reason it may vary from the lowest rate of justice to the highest, in exactly the same way as market prices vary. Hence wages are higher in America and in London than in Manchester or the Chiltern Hundreds.

**112.** The basis of a *just wage* is the *standard of life*. The standard of life is the normal level of decent living in the locality in which a man resides. This standard varies slightly from place to place,

<sup>1</sup> By this "common judgment" is meant not the common judgment of employers alone, or the common judgment of the employed alone, or the compromise arrived at after a long dispute, nor even the award of some harassed arbitrator, but a judgment calmly reached by the unbiassed experts of both classes. "The pronouncement of a carefully selected and representative committee," says Dr. Ryan, "would, it is probable, be sufficiently definite and trustworthy" (*op. cit.*, p. 96). That we are here in the presence of serious practical difficulties no one can deny. But for a further discussion on the subject the student must read chap. v. of Dr. Ryan's book, *The Living Wage*.

and much more from country to country. Not only do the prices of the indispensable commodities of life vary considerably, but also the number and character of the goods which are deemed necessary by the common judgment of people. An Englishman or American is not satisfied with the food, clothing, etc., which to the Italian, the Spaniard, the Greek, and the Chinaman would be luxurious. Common sense seems to require that the measure of subsistence should be estimated by a consideration of the responsible needs of a person living in a definite place, with regard to his need of nourishment, covering, shelter, training, self-expression, and simple amenities.

These reasonable and frugal requirements of life will be fewer in a single individual than in the breadwinner of the family. Their sum will be greater in a large family than in one consisting of five or six persons. These different elements introduce the reader to the intricacies of a burning question, of which only the leading principles can here be set forth.<sup>1</sup>

**113.** A *living wage* is one which enables the well-conducted and thrifty workman to live in reasonable comfort. "Remuneration ought to be sufficient to support a frugal and well behaved wage-earner."<sup>2</sup>

The living wage may be : (a) a *personal wage* ; that is, one which is measured by the individual needs of the worker. And to confine the subject within measurable limits we will consider only

<sup>1</sup> The student is referred to more ample treatment of the subject in *Sweated Labour and the Trade Boards Act*, C.S.G. *Manual* (King, 6d.) ; Ryan, *A Living Wage* (Macmillan, 2s.) ; P. Snowden, *The Living Wage* (Hodder and Stoughton, 1s.).

<sup>2</sup> *Condition of the Working Classes*, p. 35 (40).

the adult male worker. But we cannot ignore the recurrence of the same problems with regard to young persons and to women.

It may also be : (b) a *family wage*, or that which suffices to meet the requirements of the workman as the breadwinner of the family.

No one is prepared to maintain that the wage of the breadwinner should, in strict justice, be such as would enable him to support a numerous family. The standard or normal family, though necessarily abstract, is the only practical standard to work by. Here, again, the standard will vary in different countries. In England a family consisting of the parents with four or five children would be the normal standard. Anything above a total of six would be counted large, anything below four would be counted small.<sup>1</sup>

114. By a *minimum wage* is understood that amount below which the wage may not legally descend. This wage may refer to the personal or the family wage, to the rate per number of hours, for piece work or for overtime. Thus on November 12th, 1919, the following rates were fixed: Boot and Shoe Repairing Trade, general minimum time rate 65s. per week of 48 hours; Paper Box Trade, male workers 55s., and female workers 32s. a week of 48 hours; Laundry Workers (18 and over) 28s. a week.

115. The *family wage* is variously described.<sup>2</sup> (i.) The amount received may be independent of the particular circumstances of a family, such as its size, sickness, losses, etc. This is called the *absolute* family wage. (ii.) The wage may be adjusted to the concrete and varying needs of each separate household. This is known as the *relative* family wage, or a wage graduated to meet the

<sup>1</sup> See Ryan, *op. cit.*, p. 120.

<sup>2</sup> See Vermeersch, *De Justitia*, n. 426 sqq.



family needs, especially with regard to the number of the children. This may be hard to realise in practice.<sup>1</sup>

One other form of the family wage calls for mention; that is, what has been called the *collective* wage. It is a remuneration which includes income and earnings. In other words, by the collective wage is meant the total income of the working class family arising from equitable remuneration in the form of weekly earnings, periodical bonuses, privileges, such as recreations, the use of rooms, libraries, etc., and grants in aid, for example in case of maternity, sickness, special losses. In this manner the changing needs of the family are met as they occur. Many examples of this are to be found both in England and in other countries. And it will not escape the observation of the reader that at the present time many such additions to income are provided from the public purse, and represent a reliable provision for particular objects at the time that they are required; for instance, education, recreation in the form of libraries and playgrounds, medical attendance, hospital provision, insurance benefits in so far as the State contributes, and Old Age Pensions.

The point therefore insisted upon is that a man shall receive a living, that is, a family wage. A family wage is due to a man, because he is by nature ordinarily destined to found a family and provide for it. The family wage will be proportioned to the normal size of the family, because this represents the ordinary fertility of nature. Leading Catholic writers maintain that the normal family wage is due to the workman on the ground of strict justice; but the Church has neither confirmed nor condemned this opinion. On the

<sup>1</sup> But see *A Family Basic Income*, by A. B. Piddington, K. C., Macmillan, 18.

other hand the claims of the super-normal family to the means of subsistence seem to be founded on equity rather than strict justice, and to be valid against society rather than the employer.

And here it should be noted that reference has hitherto been made to the minimum living wage below which compensation for labour may not fall without injustice. But the better workmen will rightly look for a higher scale of payment. Some will have made unusual exertions, others will furnish a larger output, others will be gifted with rare and valuable abilities, others will have expended much on their educational preparation, others are liable to accident or disease from the nature of their occupation, others have exceptionally disagreeable tasks to perform—all these conditions are severally titles to a special compensation, and added to the living wage they constitute what Dr. Ryan has aptly styled the "equitable minimum" (*Distributive Justice*, c. xxiv.)

**115A.** Women have not only shown great versatility and proficiency in the various occupations they have entered, but of late they have replaced men in industry and displayed remarkable skill and adaptability in the new employments. The estimated number of females now engaged in industry, agriculture and the services is about six and a half millions. In view of this impressive fact a few general principles bearing on topics much discussed at the present hour are here set down.

1. All competent workers, both men and women, have a right in justice to a wage sufficient to keep them in reasonable comfort (nn. III-III4).

2. The work of women and young persons, when equal to that of men, should receive the same remuneration. Women have commonly been paid less than men, simply because they were

women. This is unjust, and moreover acts disastrously on the earnings of men. (For comparative rates, see *Labour Year Book*, 1916, p. 84.)

3. A woman's personal wage should be such as will enable her to live in a becoming manner and in complete independence (*i.e.*, without the necessity of living at home). How often this is not the case may be gathered from the fact that the average weekly earnings of the adult employed woman worker were 10s. 10½*d.* (pre-war conditions) (see *op. cit.*, p. 260).

4. Women have not normally the right to the family wage of the man; since the man, not the woman is the normal bread-winner. Many women, however, widows, wives with sick husbands, have to support a family, and unmarried women to support parents and other dependents. These cases are exceptional in character, however numerous. They carry with them a duty of maintenance, and the right to obtain it; but the right is not against the employer. For all that, if the women actually perform the work of a man, they may claim his rate of pay, not only a living wage, but also the family wage. Otherwise the married men would be ousted by the cheaper work of women. If the woman is less efficient than the man, and yet has dependents, her claim for their support should be met by society: but in no case should the help afforded bear the taint of "out-door relief." Rather should it be in the form of some public endowment of motherhood according to circumstances.

116. Suppose an industry will bear the extra expenditure involved in paying a living wage, what is to compel the employer to pay it?

1. The moral law of natural justice, which happily

is still operative in the consciences of many employers of labour.

2. The organization of the workmen. Where the voice of conscience has failed to produce its effect, the trade organizations have exercised a most beneficial influence in obtaining a reasonable wage for the workers.

3. Legislative enactment, which becomes imperative when the workers are weak and the employers obstinate in their refusal of proper terms.

116A. In the event of an industry not being able to bear the strain of a living wage, what is the employer bound to do?

1. He is not bound to pay a wage which the business has failed to produce. 2. Neither is he bound in justice to pay a full remuneration to others in preference to allowing himself (a) a moderate interest on capital employed, and (b) a moderate recompense for his own industry. But (c) he may not set aside anything as net profit until he has paid at least the minimum rate of the living wage. Profits arise only after all expenses have been paid. The living wage is one of the necessary expenses. Still (d) it would be greatly to the advantage of society if non-paying industries gradually disappeared, and gave place to others which can be worked at a profit. Lastly, if society wishes for a particular article of manufacture, it should be willing to pay the price of its production, and disdain to live on the sweated toil of others.

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T. WRIGHT and G. MILLIGAN. *Practical Social Reform*  
C.S.G., 1d.

*Catholic Encyclopaedia*. Summary in the Art. "Compensation."

### (3) *Service.*

**116B.** The distinction between the occupations of the producer and of service <sup>1</sup> is well marked. By service is meant the performance of an action or series of actions to satisfy the needs or provide for the gratification of some other person or persons. Thus we have the domestic service of provision in the kitchen, or attendance in the footman or door porter, assistance in the nurse, professional service in the guidance of the physician or lawyer, and the service of instruction in the teacher. We have a diplomatic service for our foreign relations, a civil service for administration in national or local affairs and the naval or military service for defence. Services, though for the most part not strictly productive, have still an exchange-value, which is met by fees, salaries, "pay" or wages. Remuneration must conform to the established axioms governing the living wage. Special rates are due to competition, as in domestic service, to monopoly, as in the high fees of some professional men, or to the public sense, rightly or wrongly formed, as in the payment of laundresses or scavengers.

In this connexion the aspirations of the co-called "servant class" call for notice. The cry has gone forth against their inferior social status, and their lack of freedom: as a consequence,

<sup>1</sup> The great services—domestic, national and local administration, teaching, hotel, railway and defensive include about three and a half millions of persons.

unlooked for changes are impending. Already the programme of a "Household Orderly Corps" has been issued, which will embrace both highly specialized, and general workers, will have its distinct uniform and be supplied from a centre, much as the nurses are at present. (See C. V. Butler, *Domestic Service*. Bell & Son, 1s. 3d.)

Warehousemen, transport employees, shop assistants are not producers but servants in the strict sense ; but as such they have their claim in strict justice to the living wage, to human conditions of hours, housing and freedom, as well as provision for old age or disablement.

The occupation of the agricultural employee, man or woman, is usually reckoned as service. Its first call is for a living wage as with the industrial worker.

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*The Woman's Industrial News*. "Report on the Reorganization of Domestic Service." April, 1918, 6, York Buildings, Strand, W.C.2.

#### (4) *Sweated Labour*.

117. Notwithstanding the intricacies, the extent and the difficulties of the subject, something, however briefly, must be here attempted for the purpose of guiding the student through the problem of "sweated labour."

Sweating is a term which in recent usage was first applied to the sub-contract system, whereby middlemen were able to exert pressure to obtain work at extremely low prices from the defenceless poor. A Committee of the House of Lords described it as "taking advantage of the poorer and

more helpless class of workers." It has been more graphically stigmatized as "grinding the faces of the poor." Under the term "sweating" the following features have been included: under-payment, excessive hours of labour, work performed in insanitary conditions, or tasking the worker's power to an unreasonable extent.<sup>1</sup>

All are agreed upon the difficulty of formulating an exact and entirely satisfactory description of this protean evil; but all are at one as to the facts.<sup>2</sup>

1. *What does "Sweating" mean?* Divested of all accessories, the essence of sweating is under-payment—the payment of less than a just minimum wage. The practice is therefore nothing less than an unjust oppression of the weak. Even a legal minimum wage might not reach the point of strict justice, and would therefore involve the stigma of "sweating."

In this view, excessive hours, insanitary work-rooms, irregular employment, pressure or the "drive" of work, and excessive specialization, would be rather properties or consequences of sweating than its essence.

Sweating brings on physical and mental degradation, and is nothing short of a revolting and

<sup>1</sup> The point is well put by Sidney and Beatrice Webb in *Problems of Modern Industry*: "When we get any one of these conditions in an extreme and exaggerated form—for instance, when we find a woman sewing neckties in her own home, straining every nerve to earn only a half-penny an hour—still more, when we see all these conditions combined, as in the cellar dwellings in which the Jewish boot-finishers work sixteen or seventeen hours a day for a wage of 12s. per week—then we say that the labour is sweated, and that the unfortunates are working under the sweating system" (p. 140).

<sup>2</sup> See Cadbury and Shann, *Sweating* (Headley Broe., 1s.) chap. i.

pitiable slavery in the midst and for the presumed advantage of a civilized and Christian people.<sup>1</sup>

2. *Sweating, a Parasite*.—Sweating is a characteristic of trades which do not or cannot support themselves. They live, therefore, on other industries. They are parasitic.

When these low wages are accepted as "subsistence" money, only the starving poor will accept them: when they are accepted as pocket-money, this is possible only on the condition that the worker is already supported by some other industry. Sweated wages, however, are the more commonly accepted to eke out a living. Add to this the remarks of Sir Charles Booth: "The attractiveness of supplementary earnings must also be mentioned as a motive explaining the prevalence of many forms of home employment. Women, as a rule, are supplementary wage-earners, and although many are obliged to work, even when married, there is a large amount of quasi-voluntary employment, especially among home workers. The few shillings earned in this way may . . . add much to the pleasure of life in the case of the individual family. But it is this form of employment that to no inconsiderable extent intensifies the competition among those who are entirely dependent upon their own exertions and many have others to support."<sup>2</sup>

118. 3. *Where to look for Sweating*.—With regard to the essential element of low wages, sweating will be found in numerous factories and workshops, in the insufficient wages paid to women and children in such trades as tailoring, bootmaking, the manufacture of foods and certain fancy articles.

In respect of wages or of the conditions of work,

<sup>1</sup> See *op. cit.*, chap. iii.

<sup>2</sup> *The Life and Labour of the People*, vol. ix., p. 205.



we shall meet it in the case of very many shop assistants, both men and women.

In the home industries it will appear in all forms among men, women, and children. The sanitary officer may control some excesses, but no one yet has power to limit the hours of this worse than Egyptian bondage, or to fix a minimum below which the mockery of wages may not descend. Each family, each worker, stands alone. The one need and ambition is to exist. Of home life there is little or no conception.

4. *Sweated Trades*.—The best and the worst conditions of employment may, indeed, prevail under any system—large or small, factory, workshop, or home. To obtain a basis for generalization as to the real explanation of the prevailing conditions, a careful analysis of the particular circumstances is necessary rather than a classification based on superficial differences of form.<sup>1</sup> Still, it may not be amiss to mention those departments of industry where sweating has been notorious :—

- (a) Chainmaking, nailmaking, hollowware-making.
- (b) Tailoring in all its branches, the lower class of bootmaking, millinery and dressmaking, underclothing, shirts and blouses, glove-making, lower grades of furniture trade, service in shops, hotels, places of refreshment.
- (c) Paper-box making, paper-bag making, match-box making.
- (d) Racket and tennis-ball making. Various fancy articles.

Finally, it is not indigenous to England, but is rampant in most countries.

<sup>1</sup> *The Life and Labour of the People*. ix., p. 211.

For carefully stated instances of sweating as it exists in England to-day the reader is referred to *The Women's Industrial News*, vol. xviii., pp. 135, 170, 203 & xix., p. 341.

In the United States (where in many instances wages reach a high figure) in 1890, 60 per cent. of the workers in thirty-four selected manufactures did not receive an adequate wage, and in 1904 the proportion of underpaid workers stood at 64 per cent. "When due weight is given to all the percentages, the conclusion seems justified that at least 60 per cent. of the adult male workers in the cities of the United States are to-day (1905) receiving less than 600 dollars annually (that is, an inadequate wage)." (Ryan, *The Living Wage*. pp. 150, 162.)

**119. 5. Causes of Sweating.**—In the past we have all had our part in causing the "sweating plague." Consumers have passionately sought out the cheapest goods; the middleman has made the most of his opportunities, while he himself has been the victim of the tradesman. The root causes are weak and defenceless poverty, individual isolation, the passion for gain, and the selfish thoughtlessness of getting things cheap.

Among the accessory causes may be mentioned:—

(a) Unregulated hours, whereby the home workers toil unhindered early and late.

(b) Sudden orders and impatient customers, as in the making of mourning, in dressmaking, and laundry-work. In this connexion our British public has been called "a monster of unreasonable impatience."

**120. 6. Remedies of Sweating.**<sup>1</sup>

The only remedy which deserves the name is that which goes to the root cause of the evil. The

<sup>1</sup> See Cadbury and Shann, *Sweating*, chaps. vi., vii.

root cause is under-payment. The remedy, then, is just payment. This just payment takes the practical form of "A Just Minimum Wage."

Now, in order to secure a minimum wage the workers must combine, wherever combination is possible. And where combination fails, legislation must step in to enforce just payment, especially in the case of women and children home workers. And finally, Trade Boards should be established for all sweated trades.

Other remedies are only partially effective. It is well, indeed, to impress on the public mind the extent and enormity of the evil of which they themselves are a cause. Nevertheless, the evil itself is too vast, subtle, and elusive to be exorcized by public sentiment.

The Consumers' Leagues (against all forms of sweating) are effective up to a certain point, but ineffective to pursue the malady to its inner causes.

The limitation of the hours of work and the enforcement of sanitary inspection, if applied to the home, are measures which would, it may be feared, only increase the oppression of the poor, unless the one great and essential remedy—a just wage—were enforced by law.

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## vi. PROFITS.

121. *General Notions.*—The objects which a man produces may be intended simply for his personal use. We have examples of this in the pursuit of a hobby, or in home needlework, or domestic cookery. But in business, articles are made with the object of exchanging them advantageously to the producer, in other words, for the purpose of making a profit.

In the elaboration of the commodity he desires to exchange, the producer will have employed several distinct elements—capital, raw material, and labour. Each of these is necessary for, and co-operates in, the making of some article of use or pleasure. Each, therefore, has a separate claim upon the value produced.

These claims are in varying ratios. Capital may be large, as in railways, or small, as in the stocking-knitting industry. Material may be costly, as with the diamond-cutter, or cheap, as with the carpenter. Labour may be considerable, as in the engineering trades, comparatively light, as in the weaving shed, or heavy, as in the foundry or the mine.

The three factors, capital, ownership of raw material and plant, and labour, may be combined in a single individual, but usually, and in all large

concerns, they exist in different subjects or sources.

As a rule one person (alone, or associated with other proprietors) assumes the general management of the undertaking ; with the other parties concerned, agreements are entered into for the due satisfaction of their several claims by an agreed sum, which takes the form of rent to the owner of property, interest to the capitalist, and salaries or wages to the employees. These respective disbursements are fixed charges, and independent of the success of the enterprise as a profit-making concern.

**122. *Gross Receipts.***—With the co-operation of the above factors, commodities are produced and sold, and payments made to the firm by the buyers. The sum total of these payments constitutes the gross receipts.

**123. *Expenses or Costs of Production.***—Out of these gross receipts the costs of production have first to be defrayed. These costs fall under the three headings already mentioned : capital, raw material and plant, and labour.

In detail they may be presented as follows :—

(a) *Interest* on capital sunk in the business. Capital has furnished (at a moderate and fixed charge) the means of launching the enterprise by laying down the plant, procuring the raw material, and carrying on the industry during the period when the firm was waiting for its profits. In doing this capital has rendered important services to the individual by furnishing employment, and to society by promoting useful production.

(b) *Rent* for land or premises is also a fixed charge, and external to the success or failure of the business.

(c) *General expenses.*

(d) Charges for the necessary *renewal* of the plant.

(e) And last, but not least, *wages* to the manual workers for carrying out the work of actual production, and salaries to the managers and other officials for their conduct of affairs.

What remains after all the costs of production have been defrayed is the portion of the owner, the sleeping partners, and the shareholders. Should there be no net profits, the working owner may remunerate himself for work actually performed, but sleeping partners and shareholders, having done nothing beyond placing their money in the business, and in doing so accepted the risk of ill-success, have no claim for payment of any kind (see n. 116 A).

**124. *Net Profits.***—When all these charges have been met, whatever remains over and above is called profit, or net profit. Profit in this sense has been variously defined as “the excess of returns over the outlay of capital”; or better, “that portion of the gross receipts which falls to the proprietor, the partners, or shareholders.” Briefly it may be described as the surplus value of goods produced over the total cost of producing them.

These net profits are of their nature changeful and uncertain, depending as they do upon the fluctuations of the market, the general state of trade, the public taste, and the economies or efficiency of production.

**125. *Justice of Profits.***—The Justice of receiving profits depends (a) upon the right of private property (see n. 88–90); (b) upon the lawfulness of receiving interest on money lent for the purpose of business (see n. 102); and (c) upon the incorrectness of the view that labour is the only source of value (see n. 36).

**126. *Division of Profits.***—The profits belong to the owner of the concern, and not to those to whom fixed charges are paid by way of rent, interest, or wages. Similarly, in a company of shareholders, the directors recommend a division of the net profits among the shareholders in the form of a dividend of so much per cent. on the amounts they have severally contributed.

*Workers, Masters, and Shareholders.*—The relation of master and wage-earner is not without its drawbacks. Grave abuses are sometimes attached to it, but it is not in itself unjust, provided that its essential and reciprocal duties are performed by the parties concerned (see nn. 108-9, 43).

The owner may rightly apportion to himself a higher rate of remuneration for his services than he assigns to his subordinates, since upon him depends the success of the business; for he holds a position which demands numerous and exceptional qualities of a high order. He is responsible for the general management, and he undertakes (alone or in concert with others) the financial risks involved.

The shareholders are an analogous extension of the functions of proprietor or master. They supply the necessary capital for working the business, and have, therefore, a right to a share in the proceeds. And, since they accept the risks of the undertaking (often very real), they have a right not merely to interest on capital lent, but to a share in the profits.

Nevertheless, these financial relations do not stand alone. With each and all go responsibilities which are often ignored. The duties of owner and manager have been touched upon elsewhere (see nn. 43, 108). Here it must be stated that the object of an industry is not to make high dividends,

but to carry on a concern with efficiency by means of a combined capital. The responsibility of that combination for the conduct of business on the lines of justice, equity, and Christian charity is not less but greater than in a small concern. Notwithstanding this, many shareholders do absolutely nothing but receive their dividends. The public sense of morality in business matters would hold as blameworthy the shareholders of a company whose object or methods were unjust or crafty. This responsibility should be extended to the normal conditions under which every industry is carried on, namely, wages, hours, and treatment of the workers.

**127. *Workers and Profits.***—Many attempts have been made to secure for the workers a portion of the net profits of production or commerce. The chief forms are co-operation, profit-sharing, and co-partnership.

### (1) *Co-operation.*

A. *Industrial co-operation* in the United Kingdom for 1918 included 1,474 societies with a membership of 3,894,999. Their aggregate business operations amounted to £248,979,685, with £17,702,567 net surplus.

The system is divided into—

(a) *Distributive* (wholesale and retail), where the merchants' or traders' profits are divided among the shareholders in the form of interest, and among the purchasers in the form of a dividend dependent on the amount purchased. The retail trade of 1,364 Societies for 1918 amounted to £155,157,963, the wholesale business in England and Scotland to £84,687,445.

(b) *Productive* (whose trade in 1918 reached the



total of £5,714,041)<sup>1</sup> whereby commodities are manufactured by workers, who for the most part are owners of the concern. Here the profits of the enterprise are the property of the workers, except in the case of those who are employed solely as wage-earners.

B. *Agricultural co-operation* is mainly distributive, and conducted on the ordinary lines of business for personal profit ; it also includes co-operative production.

In the United Kingdom there were in 1915 994 such societies, with a membership of 122,072, and a total capital of £1,263,577. The aggregate sales amounted to £9,001,867 ; the employees numbered 3,532, to whom £195,101 was paid in wages. The net profits of the year amounted to £167,610.

C. *Co-operative credit banks--urban and rural.*

In 1913 there were in the United Kingdom 223 banks of this description, with 22,671 members. £72,308 had been advanced in loans during the year. £81,307 (including interest) had been repaid : and there still remained owing by borrowers the sum of £113,693. The net profits of the year were £896.

D. Other forms of co-operation exist in associations for the purchase of small holdings, allotments, or houses, for cattle and pig insurance.

## 2. *Profit-sharing.*

129. Profit-sharing is a term so loosely employed that it scarcely admits of precise definition. It embraces (i.) the benefits arising from prosperous trade, good wages, and full time ; (ii.) the bonus or premium allowed for special deserts or qualifications, such as length of service, regularity,

<sup>1</sup> *People's Year Book*, 1920, pp. 75-78.

good workmanship. In a more specified form it is the mode of remuneration whereby the employees receive, in addition to their fixed wages, a stipulated proportion of the net profits, either in cash or deferred advantage (Palgrave, *Dictionary of Political Economy*).

This definition takes no account of the variable bonus allowed by some firms.

1. This arrangement, by which a grant from net profits is made to the workmen, would seem to manifest a kind and generous feeling on the part of the employer and to promote a corresponding sentiment on the part of the workers.

2. Economically the plan is considered to be advantageous to the employer, as under these conditions there is less waste of material, less supervision is required, a better quality of work is produced, and a greater stability is maintained in the staff. The men receive a higher remuneration, and thrift is encouraged.

3. The arrangement appears equitable, since the employees profit by the successful output of the industry, in so far as they have contributed to the result.

Various criticisms are offered respecting this first advance towards a more equitable distribution of wealth, and a more cordial feeling between employers and employed.

1. Profit-sharing does not essentially change the status of the wage-earner. True, but it improves it. It makes him a shareholder with interest dependent on the profits of the concern. More than this: it brings both employer and employed to look at their occupation from a fresh standpoint. It also improves his condition financially from 3 per cent. to 5 per cent. and occasionally to 10 per cent. The "Clarnico" firm divide all

profits over 6 per cent. in equal proportion between their workpeople and shareholders. They expected to give a dividend of 12 per cent. on wages in 1915. Financial success will be more frequent and conspicuous when the spirit on *both* sides has made a marked change for the better.

2. As the distribution of profits is in the hands of the employer, the worker is suspicious of its fairness or advantages in so far as they concern himself. This is also true. Suspicion is aroused by the remembered experiences of the past. And further: an industrial democracy will not be satisfied with a gratuity. Hence some schemes of profit-sharing are utterly spoilt by having this appearance. The advocates of profit-sharing claim as a matter of justice that the worker after receiving wages, and the capitalist after receiving interest, should share the surplus between them, with due regard to the consumer.

3. In a number of cases profit-sharing has achieved success; though that success is neither widespread nor brilliant, except in the case of "Clarnico."

A recent report on the operation of profit-sharing in the United States remarks that "it has been shown to improve the relations between the employers and employed and to promote permanence in the staff. But economies in production and supervision, as well as in quantity or quality of output, are not invariably apparent."

### (3) *Co-partnership.*

**130.** A far more beneficial and promising advance is effected in the system of co-partnership, an organization where, in its complete form, the workers and all others engaged in an industry

share in profits, capital, control and responsibility. In this way the reward of labour is increased, employment is continuous and permanent, and the worker, becoming gradually a man of substance, takes his leave of the proletariat. Many different forms are in vogue, from the simple bonus to the dividend on shares and the right to vote ; hence the difficulty of drawing the line between profit-sharing and co-partnership. In general a trade union wage is paid and a dividend on profits is credited to the worker in proportion to his wages ; this dividend is deposited in the capital as the worker's share ; in some cases part of the dividend on wages is paid out in cash and part placed to capital.

Co-partnership operates in thirty-eight gas companies with an aggregate capital of £56,543,000, paying before the war a dividend of from nil to 6 per cent. to some 26,000 workers. During the war, however, the gas dividends on wages have fallen. Many are at zero, and others would be so but for special grants. The total profits handed over to employees since the adoption of the scheme being £1,386,272, and the amount held in shares £872,284. In 1918 the number of Co-partnership Industrial Societies was sixty-two, their turnover £4,599,561, their profits £336,443, and the total paid as dividends on wages £49,490.

Taking the 153 profit-sharing or co-partnership concerns as one group, we find they have an average of 141,112 workers. The great majority of dividends on wages lay between 4 per cent. and 10 per cent. The total distributed by 127 of the firms to 71,268 of their workers came to the sum of £370,246, which gives an average of some £5 4s. 0d. to each worker.

As a typical form of co-partnership, one that has subsisted for some time and been eminently successful, the business of Messrs J. and T. J. Taylor, Batley, should be studied as a humane and enlightened example of what is possible in this direction.

It is contended, and, one believes, with justice, that "in the course of a generation the system is capable of bringing about that every working class family of industry and character would have its few hundred pounds, or even more, laid by against the time of old age or trouble." In the complete form of co-partnership we should have "a transformation of industry from its present autocratic and merely capitalistic form into a democratic and constitutional form; and this without any breach with the past, without losing the services of the present organizers of industry trained to their work, and in many cases, possessing very rare faculties which make them the natural captains of industry." Memorandum n. xxvii.

During the first 11 months of 1919 "over 5½ million workpeople obtained increases of wages amounting to nearly £2,000,000 a week, and nearly 5½ million secured reductions in hours totalling more than 35,000,000 hours a week."--*Times Review*. Jan. 1, 1920.

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**Section 3.—CONSUMPTION.**

**131. *Nature of Consumption.***—Consumption, in the strict sense of the word, is the use or using up of a commodity by man. It is the appropriate fulfilment of a desire by material goods, as eating food, wearing clothes, or enjoying a concert. The utility of an object is its capacity for satisfying the requirements of men in body or mind. Upon the supply of these needs depend a man's well-being and happiness. This utility is the first quality we look for in an article of consumption. Consumption is the goal of all production. Consumption determines production by the law of demand and supply. The Creator has furnished these goods for the race, and made such an abundant provision of them that no one may suffer want. Yet while these benefits are intended primarily for all, they may justly be appropriated by individuals. In this case they are in the first place for the use of the owner, and in the next place and through him for others. When an individual owner has obtained more than he needs, he is called upon to share what he has with others who may not be adequately provided. Consumption, therefore, besides being the supply of a need, is also a final purpose of the activities of production and distribution. Thus it stands in contrast with production, which is simply a means. It is incorrect to speak of unproductive consumption, for all true consumption is that. Neither should we speak of productive consumption, because this would make consumption a means, which it is not. When goods are used for further production they are employed as material. In other words, they undergo a process of conversion prior to final consumption. In this sense we use the expressions,

"to consume" coal in a furnace, oil or petrol in an engine, hops in brewing, or gas in a manufactory. The use of the word in this manner is somewhat confusing, since all are agreed that consumption properly signifies the termination of a process, not a stage in it. By final consumption is meant the using up of a substance in its present form. Coal is burnt and disappears in the furnace, as does petrol in the motor engine; but the constituent elements of both continue their appointed course under new forms in the cyclic process of nature.

Neither ought consumption to be confounded with "destruction," since consumption is use for a benefit. Thus the burning of bread, or of houses, or of other property, in a war or a riot, is correctly styled destruction.

Goods, however, may be used, that is, put to their proper purpose, or they may be abused, or put to a wrong, wasteful, or foolish purpose.

**132. *The Goods of Consumption.***—The goods themselves are means to the fulfilment of the end of human well-being. Life has a double purpose, here and hereafter; here, human perfection, which is suitable physical living and moral virtue; and hereafter, when we reach the goal of human development.

To these objects the commodities of production are ordained to minister. They supply the wants of individuals and communities. These wants are personal (the necessaries and amenities of life), domestic (suitable means of bringing up a family), and public (association, administration, defence, funds).

The distinction of *real* from *fictitious* needs is a matter for the intelligence to appreciate justly. Thus necessaries, ordinary superfluities and small luxuries may be termed genuine or real needs.

Fictitious needs are unnatural, or disproportionate, or exaggerated, such as the craving for alcoholic drink or soporific drugs, or a ceaseless round of entertainment, or unduly costly service, goods, travelling, furniture.

Goods, both natural and manufactured, and their money values are used up by the State or local authority, for whom they are provided by the rates and taxes. This is public consumption. Goods which are used up by the individual or by private societies are comprised under the heading of private consumption.

**133. *Choice of Goods.***—In determining what are our real goods, we must be guided by the queenly discretion of prudence, whose province it is to select wisely the means best adapted to secure a given purpose. External goods must obviously be used in accordance with reason for the proper objects of life. Consumption will thus either be good and useful, as in eating bread and cheese for food, or harmful, as in taking poison, indulging in noxious drugs, excessive drinking, receiving and using stolen property.

It is clear that no goods may lawfully be used for an evil purpose, because such use is an essential part of an action which becomes contaminated by the object of the act or the purpose which has inspired it. Thus we may not use type for the production of obscene literature, or drugs to destroy human life, or alcoholic drinks for the purpose of intoxication. We have in these instances uses of goods at variance with the moral law. In a similar manner flesh meat, eggs, etc. (however good in themselves), are at special seasons forbidden as food by the Church in virtue of her disciplinary authority.

The use, however, of many articles will be good



or otherwise according to circumstances, such as a person's income, social position, or responsibilities, his functions or duties, and also time, place, and the approved conventionalities of society. Here the goods are qualified by the conditions in which they are employed. The consumption of goods becomes wrong when employed in excess, as in reckless betting, gambling, fashionable attire, or ornaments. It is sometimes said that the man is rich who lives within his income. We should be disposed to put it in this form : he is rich, who, having enough for a decent existence, spends it wisely. With this test we shall be able to appreciate the importance of a rightly arranged family budget, which comprises, in their due amounts, rent, living, clothing, culture, recreation, and provision for future needs and beneficence. Any disproportion here may lead to serious abuse or waste of wealth and finally to want.

Excess, we must once more observe, is a relative quality. What is excessive expenditure where an income is small is not so where it is large enough to meet the demand made upon it. One may use a motor-car, another a carriage, another a bicycle, as justifiable luxuries, while in another even the last would be a form of extravagance.

**134. *Various Kinds of Consumption.***—If we classify or arrange the goods we may use, we see there are those we require for ourselves or our personal needs, like food, dress, home, education, recreation. With regard to others, there are the goods or money values we may apply to religious worship, education, or the erection of schools, to art, public services, and social objects, such as hospitals and provision for the aged or the poor. As closely allied with consumption of this kind we may place that form whereby Christian love

devotes to the benefit of others those goods which it has garnered or enhanced by abstention from the use of what is legitimate. This is seen in the case of men and women who accept the rank of poverty and give up their wealth to others. They turn aside from the pleasures of family life for chastity and the unimpeded service of others. They place their liberty submissively under the control or authority, in order that their service may be the more effectual. A similar quality of devotedness and self-sacrifice is exemplified in those who by their wealth contribute generously to the support of these voluntary activities.

The foregoing are the expression of the voluntary consumption of goods for the advantage of others. In addition to these there is a certain measure of obligatory contribution for the advantage of others, which is comprised under the heading of almsgiving. This is incumbent on all Christians who possess anything beyond what is required for their own proper support.

**135. *The Art of Consumption.***—This has been said to consist in knowing where to leave off with one thing and begin with another. It would be more in accordance with the Christian sense to say that it consists essentially in knowing when to use and when to abstain from the goods of life.

In this connexion we meet with excellences, and with faults which are often serious. The first and proper excellence of consumption is *liberality*. This implies a moderation in one's attachment to wealth as such, shown by readiness in giving, always, of course, under the control of the directive virtue of prudence. Prudence requires that this liberal use of the advantages of fortune should be exercised in such a manner as not to imperil the sufficiency of income for present and future.

needs. To sell all we have and give to the poor is a precious and noble ideal, which, however much it may be admired by the bulk of men, will only be realized by the few.

Liberality finds its highest expression in what the schoolmen called the virtue of "*magnificence*," or the disposition to perform great things according to the exigencies of the occasion. And as man requires little for his personal satisfaction, wealth affords him the opportunity of acquiring the merit of being a "good administrator" of what has been entrusted to his keeping. Hence the usual exercise of this virtue is in regard of others, although on certain special occasions personal concerns rightly call forth its activities, as the coming of age, marriage, or some distinguished appointment. Liberality and magnificence are beneficial to the entire community by the increased circulation of wealth which they promote. The bounty of magnificence must be guarded by discretion. It bestows cheerfully and royally in some great and worthy cause, investing its object with an array of splendour. We have examples of this in the adornments for a public procession, or the crowning of a king, in the gorgeous churches of the Middle Ages, the town halls of many continental cities, and the "stately homes of England." This spirit of openhandedness is prompted by the moral fitness and sociability of the acts whereby we show our esteem of others and advance their happiness, rather than set our hearts on money and material possessions. It consists more in the goodwill entertained than in the amount expended. He who is not unduly attached to his riches employs them freely for the glory of God, as in the building of churches, and for his fellow-men in the erection or support of religious and educa-

tional institutions, or hospitals, or for such civic purposes as the establishment or encouragement of institutes, libraries, art galleries, monuments, and so forth.

**136. *The Misuse of Goods.***—The opposite qualities of *avarice*, or the greed of material things, especially money and *meanness* are harmful both morally by their bad example and economically because they stand in the way of beneficial distribution.

*Waste* is consumption that is profitless either for rational delight, personal benefit, or production. It is the destruction or employment of goods without advantageous result. Both entail a loss of power. Of this we see regrettable examples in land that is neglected, in the arrangements of household expenditure, in cooking, in hotels, in the consumption of gas, water, fuel, etc. Waste is a throwing away of goods on which we should live now, or in the future, or which we might use for the betterment of others.

Another use of the word "waste" occurs in production, where certain residual or waste products occur (called also by-products), which remain over in a process of manufacture, and possess or can be brought to have a market value of their own (apart from the value of the main object),<sup>1</sup> as tar, silk waste, dross, rags, bones.

A very important form of abuse in consumption is *extravagance*, by which we understand expenditure or waste warranted by no necessity or by no rule of economy. We meet with it in expenditure on pleasures, on household arrangements, and in industry. It may occur among almost any class of persons, in any degree and with any sort of goods.

<sup>1</sup> Palgrave's *Dictionary of Economics*, Art. "Waste."

*Ostentation* is the vain and foolish display of the goods we use, and especially in the form of extravagance. It is repugnant to the moral order, and economically harmful in so far as it incites others to extravagance or waste.

**137. *Prevalence of Extravagance.***—The prevalence of this vice of extravagance makes it imperative to dwell upon the subject for a moment.

Society is divided into three vaguely defined classes. In the largest class we have the manual workers. In the middle class we have the tradesmen, the professional men, the manufacturers, and the merchants.

In the upper class we have the nobility and gentry. (On the functions of these three classes see n. 26, 142c.)

**138. *The Standard of Living.***—Each of the above classes has its commonly accepted standard of life. The standard of the working class includes (1) the necessities of decent living (see n. 17, and also *The Living Wage*, nn. 111, 112). (2) Things of conventional necessity. By a conventional necessity is meant anything (not strictly necessary for proper sustenance) for which a man would sacrifice some things that are necessary for efficiency. These are called necessities of the state of life. (3) Other things which, though not in any way necessary, are comparatively small luxuries, such as moderate smoking, or a moderate use of alcoholic beverages, etc.

It will now be possible to determine how vast is the evil of extravagance in the working class in the matter of food, drink, dress, entertainments, travelling, holidays, and last but not least in the fatal and widespread custom of aping the class immediately above them.

In the middle class we meet with all that is

strictly necessary, and a much wider margin of conventional necessities, such as commodious and elegantly furnished dwellings, better dress, more choice and abundant food, longer and more expensive holidays. These, at least, will fall within the category of conventional necessities for most of the class. It is somewhat difficult to distinguish conventional necessities on this scale from reprehensible luxuries and extravagance. The keen eye of society is quick to discern any tendency towards retrenchment, and to interpret it as loss of social position.

In the upper class we find abundance. The necessities of life are covered by a plentiful supply of all that man can need for ease and culture. The conventional necessities or superfluities which by use and association have become necessary to rank are considerably increased, and a larger income gives occasion for costly luxuries, and opens the door to extravagance.

139. We are now in a better position to judge of the true character of extravagance. To make our inquiry the more easy, we will first say what we understand by a simple luxury:

A luxury then, is something additional (or superfluous) both to the necessities of life (*necessaria vitæ*) and to the conventional necessities of social position (*superflua vitæ*, but *necessaria status*). By the necessities of life must be understood not merely what ministers to physical well-being, but also develops the mind and relieves the strain of work. Simple recreations, therefore, cannot be styled luxuries, for they are necessities of a full and healthy human existence, such, *e.g.*, as light reading, walks, music, or games.

Luxury, as meaning *a state of luxury*, is something more than the indulgence in an occasional

luxury. It is the habitual use of, or indulgence in, what is choice or costly in food, dress, furniture, appliances, as motor-cars, hunters, yachts, or numerous servants. This applies to the middle class and still more to the upper class.

Now, extravagance goes beyond necessities, conventional or relatively moderate luxuries, and plunges into extremes, which here, again, have a relative character. As tests, then, of extravagance we may ask :

1. Whether the expenditure is out of proportion to income. If so, then it is extravagance.

2. Whether it is out of keeping with the person's condition in life, or with his office, or the circumstances of time, place, or custom. Again, if this be so, we have extravagance, and, it may be, ostentation.

Thus a simple luxury for one may be an extravagance for another ; and a simple luxury at one time may assume the character of an extravagance at another.

**140.** *The Evils of Misuse.*—Extravagance is an abuse of consumption. It is a misuse of wealth, and therefore blameworthy—(i.) on general grounds, and (ii.) for certain other reasons which apply only in particular cases.

Wealth, in the sense of abundance of commodities, is justified as an incentive to action, or as the fruit or reward of industry and intelligence.

Now, i. *in general* :

Extravagance divests wealth of its character as a true good of life, subordinate to the purposes of virtue and a future state of happiness. The dignity associated with a rich endowment of nature's bounty becomes folly. What is useful as an incentive to the healthful and beneficial exercise of one's powers, or for the development

of society, is wasted. What is intended as a joy becomes the minister of effeminacy and idleness.

ii. *In particular:*

1. Some forms of extravagance are morally wrong from their very object.

2. Others are wrong from their special circumstances :—

- (a) Because they are beyond a person's income, as is not unfrequently the case in the matter of dress, furniture, theatre-going, holidays, dinners, balls.
- (b) Because they are out of keeping with a person's social condition.
- (c) Because the expenditure shows no reasonable proportion between the outlay and the result obtained, as in drinking very costly wines, or buying £10,000 worth of brilliants to wear in a tiara or a necklace.
- (d) Because they minister to idleness and sensuality, or lead to excess, as drinking, gambling.

One hears sometimes that extravagance is economically permissible because it is good for trade. We might reply that if that be so public-houses and gambling dens are also means of material prosperity. Of course, public-houses properly conducted are justifiable, and may be a necessity.

Extravagance excites cupidity in others, breeds class hatred and contempt of the rich.

What is bad morally cannot be good economically in our present system, where the two are inseparably bound up together. Nor does the prodigal usually pose as a philanthropist. More than this, extravagance leads to further extrava-



gance, and thus eventually to economic exhaustion.

Sumptuous outlay under the form of "magnificence" is advantageous to the community; but then it must be remembered that "magnificence," as previously explained, is not extravagance.

What is wanted is production of goods useful to the community at large. A man spends £20 on a dinner for two. Let him dine royally on £1 1s., if he will, and assign the rest to increased wages or to some public purpose. Things would thus be better for all, even for the diners.

Extravagance dissipates capital instead of concentrating it for the purpose of fresh and useful production, or a wider and more equitable consumption. Good consumption is the virile and moderate use of the commodities which satisfy natural needs and healthy desires.

141. *A Warning.*—A word of warning is sorely needed on this subject of extravagance. Extravagance has infected all countries and all classes. It has brought with it something more than attachment to pleasure, for we are now in the presence of an abnormal and unprecedented craving for the ever repeated gratification of artificial needs.

Christians, and indeed all men, are bound to share their purely superfluous goods with the destitute. If they refuse to do so, they are detainers of the public wealth. Not, indeed, that the public may demand what belongs to the wealthy, but that the wealthy are bound by the obligations of charitable and social service. The extravagant man employs these goods for himself. He is therefore a bad administrator of the trust confided to him.

Even were there no poverty, extravagance would still be wrong.

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## APPENDIX I

## AGRICULTURE

**142.** So-intently have men's minds been fixed upon social problems affecting our town population, that many have forgotten the equally serious if less clamorous problems of our country districts. If we take account only of the number of persons engaged upon it, agriculture is still our greatest industry. In any survey of the social question as a whole, the significance of agriculture cannot be overlooked. Yet this is precisely what has happened since the rise of the epoch of modern industrialism.

After a period of depression a note of hopefulness has fallen on the ears of all. The busy and prosperous townsman has learnt not "to hate laborious works or husbandry ordained by the Most High" (Ecclus. vii. 17).

Enthusiasts are sanguine of a new mentality in farmers and a transformation in our fields,

desert places and dismantled forests. They predict that the stalwart youth, fleeing from the dismal surroundings of his life, will turn back again to find happiness in his father's fields if not by his father's ways.

The magnitude and national importance of our agricultural interests is now realized. Of holdings in England and Wales above one acre there were (in 1917) 423,718. Those between one acre and fifty numbered 278,556, or 65.74 per cent. of the whole. The 14,098 holdings above 300 acres represented only 3.32 per cent. of the whole acreage. These figures show that the small farmer and the smallholder are the most numerous class in agriculture. They accordingly owe it to themselves alone if they do not soon become the most influential class in the rural districts and attain such power and influence as to be able to lay and press their just claims in the right quarter.

The total area of land in England and Wales is 37,137,564 acres, of which 12,308,540 in 1919 were arable, 14,441,430 were pasture, and about 4,000,000 consisted of mountain and heath used for grazing.

The farmer's calling is the oldest of settled occupations, the most natural, the healthiest, the freest from moral and physical dangers, and the most needful. It stands for the physical strength of a nation and is its most permanent element. We may look back with satisfaction to the comparative abundance and happy simplicity of the manorial system, to the affluence of the yeoman class of a later date, and to the contented prosperity of the French, Belgian, Dutch, and Danish farmers of to-day.

According to the census of 1911 the personnel of agriculture in the United Kingdom comprised 662,633 farmers and graziers with their 283,562

relatives, and 1,131,561 employees (male and female), making a total of 2,007,756.

142A. On the other hand the population of England and Wales, numbering over 36,000,000, has been sustained to a very large extent by food imported from Ireland, our colonies, from Denmark, Holland, Russia and other countries abroad, and this not merely because of the enormous growth of the population, but mainly because of the neglect of farming, the unscientific treatment of the land and the narrowness of the agriculturists' outlook. This has, of course, involved a severe and anxious loss of natural resources, and there is now no question that we could and indeed should ourselves produce a much greater proportion of what we now buy from overseas. The increase of acreage under white crops (wheat, barley and oats) between 1914 and 1917 was about 1,000,000 acres, and under potatoes 170,000 acres. In the year 1917 no fewer than 800,000 acres were put under corn. The acreage sown for corn and potatoes in 1918 is 8,302,000, being an increase of 39 per cent. on that of 1916, potatoes showing an increase of 50 per cent. as compared with the year 1916. The utilisation of the land for the benefit of the country at large, and not for the pleasures or profits of a few, is now widely demanded; the consequent public responsibility of every holder of land, whether by tenancy or ownership, is becoming generally understood and is loudly proclaimed in certain quarters. The obligation of developing land is recognized by the public and enforced by Statute. The abuse of creating extensive properties and spacious parks for sport or private gratification began in the sixteenth and grew apace in the eighteenth and nineteenth centuries, resulting in the spoliation

of the smallholder. Our woodlands of 3,000,000 acres yielded before the war only one-third of their capabilities, and less than one-eighth of our consumption. Two more million acres might be utilized for the production of excellent timber affording at least ten times as much employment as at present (*Agricultural Journal*, 1918, p. 1351).

142B. Large farms are undoubtedly more suitable for certain localities and for certain crops, as well as for experiments in farming; but we are beginning to grasp a truth in reality quite simple, that the general food supply of the nation can be better provided by a robust race of intelligent peasant proprietors and smallholders than by the large-scale farmer. We may even endorse the apparently paradoxical opinion of H. W. Wolff (who has done as much as any other single individual for the resuscitation of English farming) that taken all round the special economic and climatic conditions of this country of ours are more favourable to the agriculturist than those of any other country. We yield to none in strength of arm, in endurance or industry. Yet we have to confess to a falling behind in adaptability, in enterprise, in the proper application of scientific methods, in the esteem of agricultural education, and especially in the adoption of the saving maxim of helping one another.

When we come to examine the problem of the smallholder we find that where he has been successful he has generally found the means of securing the advantages which capital alone can furnish. He has learned to co-operate for the purpose of credit, for the purchase of seeds, manure, for the use of implements, and for the sale of his produce. His success, like his capital, is found in co-operation. Equally with the large farmer he may make

himself acquainted with all the advantages of scientific agriculture and so improve his methods. In many places he has done so, especially in Belgium and Denmark, where small-ownership is even more prevalent than small-tenancy, while a beginning has happily been made in England and Ireland.

The entire financial position of agriculture and the rural population bristles with difficulties. Besides high rents, bad seasons, foreign competition, there comes the riddle of compensation for improvements effected by the tenant. Then there is a series of difficulties and proposals connected with the extent of arable land and pasture, the introduction of new crops, the feeding and improvement of stock, the development of poultry and bee keeping, the use of scientific processes, the anomalies of freight charges, and the destruction of farm pests.

These puzzling problems have not been overlooked in the survey of our coming opportunities. The keys of the situation are access to the land, organization, education, co-operation and a practical system of credit.

The first need is *access to the land*, *i.e.*, as owners as well as tenants. This ought to be made easier and still easier for those who are evidently the right sort to form our new race of yeoman. The next is *organization* to bring men together and to determine what should be produced; what are the suitable places for its production; to get the right men for the work—men who are intelligent, energetic and not afraid to work or who expect to find their farms a gold digging—to employ the best methods, and not to decry scientific procedure as worthless; to find out and inform the producers of the best markets; and finally

to arrange for the most direct and economic means of conveyance. Then comes the mind of farming and the taste for rural life. Here it is that education has its part to play.

Land is plentiful for small-holdings or allotments, and there is ample legislation to induce its sale or transfer. There is the waste for reclamation, the denuded land for reafforestation, and still there remains abundance of land for cereals and potatoes. Much has been hitherto wasted by neglect, by ill culture, or by the idle pleasures of the few. To say that the land is no man's absolute property, but the property of all for the life and welfare of each, is no mere vulgar concession to a vulgar demand; it is a natural maxim which has long fallen into abeyance. And the gradual acquisition of land that the people held for generations, and the enclosure of land for private advantage to the detriment of the public, have been scandals which we have now begun to repair. *E pur si muove* is happily true to-day of agriculturists. For this is the period of the great conversion from the deadly stupor of decades of years to an equally general activity and cheerfulness. Individualism is to yield to a wise and hearty co-operation for every purpose which will increase the well-being of the smallholder. "Every farmer," says Mr. Prothero, "should belong to a co-operative society." The Agricultural Organization Society impels him to combine. The farmers of the country buy annually feeding stuffs or fertilisers to the amount of £24,000,000 (pre-war prices). Of this co-operative societies buy only one-eighth. Crops sold from our farms were valued at £47,000,000; but co-operative farmers sold less than £250,000. Co-operative selling is even more important to the farmer than co-operative buying. With the sale

of produce by co-operation " all the worries about disposing of his stuff, his anxiety about prices, about catching the market on favourable days, his fear of losses through sudden market fluctuations, his labour lost in carrying produce, disappear entirely." And as to buying, " Not only would there be a central dépôt for seeds, fertilisers, small implements and tools . . . but costly machinery could be acquired for co-operative use and housed within easy reach of all the holders " (*Co-operative Wholesale Annual*, 1918, p. 269).

The stagnation of farming is to give place to a new spirit of enterprise and solidarity. *Education* to meet the needs of the country life, to give hope to the young, to fill them with an intelligent enthusiasm for the land, to point to a future of honour among the people they know : such is the elementary education of the village school. And last but not least of the new factors must be a general extension of the system of agricultural credit banks (see nn. 72, 106). When a tithe of all this has been accomplished, the steps of men will be turned not townwards but to England's pleasant fields.

The status of the agricultural labourer has been notably raised by the provision of a just remuneration for his toil, while he is promised in the near future a homely dwelling. The Corn Production Act (1917) comes to the aid of the farmer by fixing a minimum price for wheat and oats, and appoints Agricultural Wages Boards to fix a minimum wage for agricultural workers. A minimum wage of 36s. 6d. to 42s. 6d. weekly (for shepherds and other special classes 39s. 6d. and 49s. 6d.) for a week of fifty-four hours (March to October) and of forty-eight hours (for the rest of the year) has already been fixed in many districts : overtime to be reckoned as a time and a



quarter, and after the war one short day each week (*Labour Gazette*, June, 1919, p. 223). This carries out the programme of the Farmers' Union which will serve as an outline of future endeavours.

"(1) The maintenance of farm produce prices at such a level as to ensure fair profit for the producer, adequate wages for the labourers, and equitable rent for the land.

(2) Reasonable security of tenure for a tenant who was farming properly and adequate compensation for improvements.

(3) Fair and reasonable wages for agricultural labourers.

(4) An adequate supply of food, housing, and allotments for labourers.

(5) Provision of village clubs and women's institutes to make rural districts more attractive for workers on the land.

(6) Revision of the incidence of local taxation, so long overdue.

(7) Greater facilities for developing agricultural education.

(8) Revision of railway and canal rates, so that no preferential treatment is in any way given to the transport of foreign produce."

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## APPENDIX II

### THE MIDDLE CLASS

142c. The middle class is a reality of our social life, but very hard to define. Every one knows that by the middle class is meant that important section of our population which lies between the nobility and aristocracy on the one hand and the manual workers on the other. When asked to state what we include under the terms aristocracy and manual workers, we should no doubt be at a loss. R. H. Gretton has recently propounded a novel definition in *The English Middle Class*, where he describes the middle class as "that part of the community to which money is the primary condition and the primary instrument of life." In this conception the middle class would include the financiers, merchants, the commercial and professional classes and shareholders, since they are all engaged directly in the handling of money as distinct from the raw materials or values symbolised by money. Similarly his description would place in the upper class landowners as such, the more illustrious retainers styled the nobility, and the aristocracy of the public services; while it would relegate to the lower class the peasant, the shopkeeper and the artisan; the reason being that the object of their particular activities is not primarily money, but skill in some manual art which they barter for money. The description proves useful as an introduction to a systematic study of the growth

of the middle class ; but we are not called upon to justify it. Happily it does not fall within our province to allocate our readers to their particular section of the body politic.

Many middle class families have been for centuries a constant element in the town or county to which they belong. They carry with them a certain distinction of dress and manners. They hold firmly to the existing order of things. They are law-abiding, well behaved, industrious, and thrifty, while many of them are among the best educated men in the country. They attend chiefly to their own personal affairs, and leave politics and social matters to others.

With us this extensive class is fortunately the object of no marked hostility from other sections of the community, as it is in some countries, though portions of it have suffered from the economic changes that are in progress. As a class it fails to appreciate the influence which so large and enlightened a body is capable of exerting in the social state. Through lack of organization, narrow individualism, and a belated adherence to traditional views and methods, it takes no effective part in the onward movement of the times. The corresponding classes in Germany and Austria are fully alive to the danger of submersion beneath the massive forces of capitalism and labour.

The future of the yeoman class and the small-holders seems full of promise, but the landowners are threatened by an attack on their property, and those who depend upon interest and dividends for their support are faced with the possibilities of a diminished income. These dangers are, however, remote as compared with the gradual extinction of the small manufacturer and the anxieties of the small tradesman. We have wit-

nessed what has been styled the tragedy of "the disappearance of the little man." The great manufacturers have everywhere been supplanting the smaller concerns. The stores, the big shops, the bazaar, the co-operative movement, the direct supply of goods from the producer to the consumer by parcel post or delivery van, have all tended to cripple the once thriving business of the ordinary shopkeeper, and the consequent competition and cutting of prices have made it increasingly difficult for the men of small capital to maintain themselves.

Are we, then, to expect that in the course of time no place will be left for the small producer and the shopkeeper? By no means. Certain occupations will always find their place in our midst. There will always be room and opportunities for the highly skilled makers of clothes, furniture, ornaments, works of art and confectionery. The trader whose goods are perishable or whose business does not admit of the application of machinery (as in the case of butchers or fruiterers) will still survive and prosper. The small retail business will always be required in the village, the town, and in the suburban districts of our large cities.

And, lastly, all forms of repairing will continue to afford ample opportunities in their respective departments.

What the middle class have to learn is that they must march with the times and accommodate themselves to the new conditions which are unfolding around us.

Their first and paramount need is organization. Next they must devote themselves to a careful study of their position, and to the preparation of their young people in the best technique of their several professions and in the most approved

commercial methods. They must learn to combine for the protection of their legitimate interests, for the promotion of honourable dealing among themselves and with their clients, for the suppression of adulteration and falsification of every description. They must league together against economic greed, fraud, and oppression. They should not disdain to unite for mutual credit, for co-operation as far as is possible, and should be careful to foster a mutual good understanding.

They must learn, moreover, to realize their social responsibilities, and to make use of their opportunities of co-operation in social service with the upper class and the manual workers for the common good.

No one would desire the extinction of any section of a class which carries within it, in a marked manner, the spirit, the education, the piety, the patriotism, and the virtues of true Christianity and loyal citizenship. The middle class then must themselves recognize the precise nature of their difficulties, and the share they are called upon to take in stilling the present unrest by a keener perception of their true relation and duties towards their less favoured fellow citizens (see n. 26).

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**PART IV**  
**SOCIAL FAILURES**



## PART IV

### SOCIAL FAILURES

143. Although the social question is by no means simply a question of poverty, it is the existence of a vast number of poor which has given rise to the problem in its present form. The mass of men are content and happy with little. Incidental and occasional poverty could and would easily be dealt with by common humanity and Christian charity. But it is the existence of a great permanent mass of human misery and degradation which has aroused the world-wide clamour for social rectification.

We shall have to view the situation under two different aspects, considering (i.) its personal elements and the moral duties that are involved, and (ii.) the structure and action of the industrial organism which are responsible largely for a social destitution which individuals vainly attempt to remove.

#### I. PERSONAL AND MORAL ASPECTS.

##### i. *Poverty.*

143A. *Definitions.*—The word “poor” is often loosely taken to mean those who belong to the class of manual workers. In order, however, to



attach a more precise meaning to the term, we may understand by the word "poor" those who are without some of the physical or conventional necessities of life.

The word, nevertheless, in more exact usage is restricted to those in want of the necessities of life. The "poor" are those who have not enough for the upkeep and renewal of the normal minimum standard of efficiency in food, clothing, housing, education, and recreation.

Some suffer need only at a passing crisis or at some period of general unemployment; others are always in want. It is with this latter class that we have principally and directly to deal. They have neither money nor credit. They live in a state of struggle to obtain the bare necessities of life. The very poor live in a condition of chronic want. A man destitute of food or the means of procuring it, but with some power of obtaining a living, is said to be in grave need of assistance. The last degree is that of the starving man, who cannot here and now obtain the means of living. Such a one is said to be in extreme necessity. To save his life he may take any one's property. The duty of assisting him becomes an obligation of a grave character.

The word "pauper" is confined to those who are in receipt of public official relief under the Poor Law.

Those who receive private, that is, non-official, assistance are sometimes described as "dependents."

**144. *Degrees of Poverty.***—We have not to consider the "voluntary" poverty of members of a religious order. Such poverty does not mean indigence, but simply the renouncement of personal property. In the application of this principle

there will be different degrees in renouncing the actual use of superfluities. These will vary with the nature of the religious institute.

Nor shall we speak of the so-called "respectable poor," whose wants are often only relative, and who are usually not without many of the little luxuries of life.

Poverty, in the sense of the lack of some of the necessities of life as well as the necessities of station or rank, is sometimes met with among the upper and more frequently among the middle classes. Should their poverty become an absolute need of common necessities, it would meet with prompt relief.

Neither shall we deal with the condition of those, mostly among the workers, who receive their income weekly as a wage, and who would be in close quarters with the spectre of want if their income were suspended for a week or a fortnight.

Nor are we chiefly concerned with those whose needs are merely temporary. A far deeper evil claims our attention—namely, a state of chronic want, not simply the condition of the proletariat, without resources to fall back upon, but of a proletariat which has not enough to live upon. Our concern is not with what is rare, exceptional, or easily remedied, but with a disease of society which is both widespread and which so far has withstood all attempts to cure it. The condition of the destitute poor is one of enduring helplessness.

On the other hand, the temporary needs of sickness, accident, capital for business, seeds, implements, tools, may all be provided for by various forms of co-operation, clubs, or insurance.

Perhaps it should be observed at this stage that some poverty is culpable, and some wholly incul-

pable. Some also is preventible, while some is inherent to our mortal and imperfect condition. These are matters which may be deferred till we speak of the causes and remedies of poverty.

145. *Results of Poverty.*—The mass of poverty is characterized in varying degrees by certain well-defined qualities. Still, we must be careful to avoid the error of a superficial generalization as to the results in particular cases. Character and grace in very many instances react effectively against the deleterious influences of destitution. You meet with the honest, the intelligent, and thrifty, who by dint of hard struggle and personal privation maintain their family at the level of subsistence and even succeed in keeping up the honourable status of the workman. In every quarter where the poor congregate there will be found men and women of noble principle, of deep religious feeling, of saintly virtue, and heroic steadfastness of purpose. The general results are, however, unmistakable. As a body the chronically poor, almost in the direct measure of their indigence, are underfed, insufficiently clothed, badly housed, untidy, dirty, and both parents and children are frequently a prey to disease.

Their minds are deadened by toil, worry, and unceasing struggle. Their environment degrades them. They are discontented, and singularly improvident even when an occasion presents itself of making some helpful provision. They are thriftless and resourceless. They lack energy and initiative. They have neither hope nor ambition. They drag out their lives with none but the coarsest enjoyments, without any effective aim at bettering their condition, and unable to make use of the help afforded them.

As to conduct, it will not surprise us that they

are at times prone to deceit or theft, and on occasion to drunkenness. Circumstances stand in the way of their thinking much about religion or practising its precepts.

These qualities are doubtless in some ways transmitted ; at all events they are constantly fostered and strengthened by their miserable surroundings.

**146.** *The Extent of Poverty.*—Although we may be assured that many social and economic failures must occur by reason of causes which cannot be foreseen and which cannot easily be provided against, and although as a matter of fact poverty is apt to hide from observation and is always varying in bulk, it meets us almost everywhere in one or other of its types.

No exact statement of its extent can be presented. Direct enumeration of the poor is beset with difficulties, and has only been attempted on a small scale locally. We shall, therefore, have to rely mainly upon indirect calculations based on the evidence of convergent statistics.

**147.** (a) Direct enumeration. Sir Charles Booth estimated that 30·7 per cent. of the total population of London were living in poverty. Under the term poverty he meant to include those "who are usually not without sufficient food, but are often pinched in that as well as in other respects." This estimate, if applied to the whole population of the United Kingdom, would give a total of about ten millions.

Mr. B. Seeböhm Rowntree found that 27·84 per cent. of the total population of York were living in primary or secondary poverty.

The same investigator states (*How the Labourer Lives*, 1913, p. 31) that "with five exceptions, the average earnings in every county of England and Wales are below the poverty line: and that

in the vast majority of cases (the wage) is insufficient to maintain a family of average size in a state of merely physical efficiency (p. 32); and that "thousands of agricultural labourers' families (are) living on total earnings of less than 14s. 11d. a week, which is the lowest county average" (p. 33).

Investigations made in 1913 by A. L. Bowley and others (*Livelihood and Poverty*, Bell, 3s. 6d., p. 38) show the following rates of poverty:—

Town.	Below the poverty line.	
	Per cent. of Working-class Households.	Percentage of all Households.
Northampton .	8.2	6.4
Warrington .	12.2	11.5
Reading. . .	20.6	15.

To these statistics may be added the official Poor Law figures. Thus in September, 1913, the total number of "paupers" relieved by the public authority (in England and Wales) was 734,156, and in September, 1917, 596,188; or in thirty-five selected urban areas in September, 1913, 190 per 10,000 of the population, and in 1917, 142 per 10,000. The cost of Poor Law relief in 1915 was £17,775,179.

#### 148. (b) Indirect estimates.

##### a. From the Distribution of the Annual Income.

The population of the United Kingdom in 1908 was about 45,000,000, and the total national income some £1,844,000,000.

The amount enjoyed by those whose yearly income exceeded £160 was £909,000,000, or nearly one-half of the total income.

The annual income shared among all the rest was £935,000,000. In other words: the 5,500,000 persons with incomes above £160 had for their share 909 millions: the remaining 39 million persons, had practically the same amount among them, namely, 935 millions: that is 12 per cent. of the entire population had nearly 50 per cent. of the total income of the country. Moreover, one-third of the total income (namely £634,000,000) was in the hands of less than one-thirtieth of the population (namely, 1,400,000 persons).

### β. From Death Duties.

M. G. Mulhall's calculation in 1896 may be presented in tabular form:—

80 per cent. of the wealth was possessed by 1·5 per cent. of the population.	Upper class.
18 per cent. of the wealth was possessed by 11· per cent. of the population.	Middle Class.
2 per cent. of the wealth was possessed by 87·5 of the population.	Lower class.

Sir L. G. Chiozza Money's calculation (See *Riches and Poverty*, (1911) pp. 44-50):—

90 per cent. of the national wealth is possessed by 4 per cent. of the population.
10 per cent. of the national wealth is possessed by 96 per cent. of the population.

Whether we accept the result of the one or the other, there is but little left for distribution among the many millions of the lower class, among whom many will find themselves without the necessaries of a decent living.

The two estimates are particularly interesting because they display the unequal distribution which is the condition, if not the direct cause, of the poverty that is characteristic of our times.<sup>1</sup>

**γ. From the Average Earnings (a normal pre-war estimate).**

To reach the minimum standard of comfort a man's wage should be about 30s. a week, or £76 a year. Now the average wage of an adult man is about 24s., and of an adult woman about 15s. It is also true that the average number of wage-earners in a family is  $2\frac{1}{4}$ , but usually the sums earned are small, and when they are large, this state of things is not permanent, owing to the division of families.

And again, below the £160 limit there are very great differences in wages, and it must be carefully noticed that the lower the rate descends, the more important for life and comfort is every penny of the earnings. And, further, there is always the peril of stark poverty in the workman's family by reason of the sickness or death of the chief breadwinner, or through the loss of his situation.

The foregoing considerations tend to show that in numerous families there will be comfort and even plenty; they show also that in many others there must be want.<sup>2</sup>

**δ. From the Rate of Wages.<sup>3</sup>**

Calculations recently made by Professor A. L. Bowley give the following results: 2,560,000 males in the United Kingdom, when in full employment,

<sup>1</sup> See L. G. Chiozza Money, *op. cit.*, p. 53, and W. Reason, *Poverty*, pp. 35-6.

<sup>2</sup> J. A. Hobson, *Problems of Poverty*, p. 42.

The ordinary course and averages of earnings, and consequently the incidence of poverty have undergone

receive less than 25s. a week. Of these, 960,000 earn less than 20s. and 320,000 less than 15s.

In general confirmation of this estimate we may refer to the widespread and notorious instances of sweated labour.

In 1607 the total earnings of all classes of agricultural labourers in England averaged 18s. 4d. each. Some earned as little as 10s. or 12s. a week, with deductions for bad weather.

Nor have the advances in wages kept pace with the enhanced prices of articles of common consumption. In short, the real wage (that is, the purchasing power of the nominal wage) as represented by the purchasing power of the sovereign, which had gone down 12 per cent. between 1900 and 1911: and taking its value as 20s. in July, 1914, it has fallen to 9s. 9d. in December, 1917.

149. *The Poverty Line.*—The poverty line, or the line of demarcation between frugal comfort and some degree of starvation, is drawn at the income that is necessary to maintain an individual or his family in a condition of mere physical efficiency. This is a minimum, not, indeed, of proper support, but of mere existence.

We need not dwell upon the poverty line in the case of the individual. *We are dealing all along with the unit of the family.* Estimates as to what is absolutely necessary will vary with country, locality, and custom. In England the estimate ordinarily accepted is 21s. 8d. a week as an irreducible minimum capable of supporting the astonishing changes since 1914. Preparations were made to meet a period of severe distress. It failed to appear. On the other hand an urgent demand for labour of all kinds, piece rates, the extraordinary skill developed by individual intelligence and deftness of hand, together with unbroken employment, have combined to produce a state of things so unprecedented and exceptional as to defy the normal calculations of the student.



physical existence of a family of five persons, *no allowance being made for anything beyond bare living*. Should the family exceed five persons, then some necessary item will have to be sacrificed, and the pinch of real want begins. Should any source of income fail, again the spectre of starvation shows itself at the door.<sup>1</sup> Surely this is not living as a man should live. Much more is required for future resources, for religion, education, recreation, comforts, so that the minimum standard now generally received in the case of a family of five persons is, for large towns 35s., for smaller towns 30s., and for rural districts 26s.<sup>2</sup> These amounts are larger than would be set down in France or Belgium, and smaller than in the United States. The loss of a few shillings a week not only brings on the agony of a struggle to supply clamorous needs, but plunges the family into primary poverty, and the dire consequences of want of money at once make themselves evident in poor and insufficient nourishment, shabby and inadequate clothing, cheap and unwholesome dwellings.

At a fair estimate we may set it down that about one-tenth of our population, or about 15 per cent. of the entire working population, when left to their own resources, are in this hapless condition. Such is the extent of primary poverty—real want suffered by those who, through no fault of their own, fall below the poverty line, and are socially submerged.

Besides these, we have a class of workers who, while actually receiving enough to keep them in comfort, nevertheless, by some fault of their own, or on account of some unlooked-for contingency,

<sup>1</sup> For details see Rowntree, *Poverty*, chap. iv., p. 86.

<sup>2</sup> Pre-war figures under normal conditions,

incur expenditure which reduces their resources and forces them under the poverty line. Their earnings disappear in the charges of sickness, or in paying off debt, or in drink, gambling, dress, or other extravagance, waste or loss in household management. According to Rowntree's calculation mentioned above 15·46 per cent. of the whole working class population of York were living in primary poverty, another 27·94 per cent. of the working class were living in secondary poverty, thus making a total of 43·40 per cent. of the working class living in poverty, or 27·84 per cent. of the total population. (These figures do not comprise those who were provided for in public institutions.) Grouping together the figures arrived at for Northampton, Warrington, Reading and Stanley, we discover that out of 2,150 working-class households, 293 (13½ per cent.) were in 1913 living in primary poverty: that is, 1,567 (or 16 per cent.) out of the total of 9,720 persons composing them. (*Livelihood and Poverty*, p. 46).

The above figures may not forthwith be applied to any town in England, but it is admitted that the conditions of the city of York are typical, and that the percentages for York may confidently be accepted as a guide in forming a judgment of other places. With these facts before us, it is but a meagre consolation to learn that of the working class only just over one-half (56·60 per cent.) are living in comparative comfort. In the four towns just mentioned, out of 2,285 adult male workers, 729 were earning less than 24s. a week.

From what has been said, it will be readily inferred that existence above or below the poverty line occurs at different times in the life of a family. Families so delicately poised as those of numberless

workers have their "ups and downs," their alternations between moderate prosperity and distressful indigence.

## ii. *The Causes of Poverty.*

**150.** Poverty consists in the privation of something, or in being without something which one ought to have. Still, it cannot occur apart from some determining cause. It does not come of itself. In searching for this cause, we shall be perplexed to find that many of the results of poverty are themselves the causes of it. Anything which curtails or shuts off income—as, for instance, bad clothes, preventing a man from obtaining a place of work—is a cause of poverty. But bad clothes are themselves a result of his poverty. Nevertheless, we shall in the first place devote our attention to causes which are undoubtedly originative, and not dependent on pre-existent poverty.

Thus we may say that secondary poverty ought not to be. The family has a sufficient income for all the demands which may reasonably be made upon it. What, then, is it which drags the family below the poverty line? The principal causes are four:

**151. I. *Drink.***—The fact that excessive drinking is a cause of poverty is notorious; and the average of over 6s. a week per family for alcoholic drinks clearly suggests how much is foolishly wasted by the worker.<sup>1</sup>

<sup>1</sup> The total expenditure on alcoholic drinks in the United Kingdom for the year 1918 is estimated at £259,300,000, as compared with £203,989,000 in 1916. This gives an average expenditure of about £6 per head. After making all due allowances for the legitimate

2. *Betting and gambling*, which are growing sources of poverty. Although accurate statistics are not available, the turnover on races, football, bridge, and gambling tables in England, France, Monaco, New York, and Chicago cannot be less than tens of millions sterling a year.<sup>1</sup>

3. *Waste and extravagance* in domestic arrangements.

4. *Imprudent expenditure* on dress, holidays, and other pleasures, and in the use of the credit system.

We have not here to inquire why all these things are. The point is that they exist and are effective in bringing men below the poverty line, and thereby causing poverty which otherwise would not have been.

use of alcoholic beverages we may endorse the words of Mr. P. Snowden: "The national revenue from the liquor traffic is simply an indication of the extent of social waste and social poverty which is caused by that traffic. . . . It is not the man who spends his wages in drink who encourages trade and employment. It is the non-drinking working-man . . . , who is always striving to realize a higher and more respected style of living" (*The Times*, March 22, 1913).

<sup>1</sup> "We have (in the United Kingdom) at least 20,000 bookmakers turning over upwards of £50,000,000 annually, and making, according to Sir Robert Giffen, probably £5,000,000 profit. . . . In two years, merchants, bankers and other employers have lost £300,000, the great bulk of which has gone into the pockets of the bookmakers. . . . To cope with the work of the Doncaster races 80 telegraphists . . . deal with 30,000 personal telegrams which pass to and from this meeting. . . . Bookmakers have paid £75,316 (besides costs) within the Metropolitan area during a period of three years. . . . The sweep for the Melbourne Cup amounted to £100,000, the first and second prizes being respectively £40,000 and £10,000." See J. M. HOGGE, *Betting and Gambling*, 13, Victoria Street, 1d., pp. 17 ff; also *The New Encyclopædia of Social Reform*, Art. "Gambling."

Turning now to primary poverty, we find that what we are disposed to assign as causes are themselves at times the results of the very poverty which they are believed to cause. But, be this as it may, they cannot, therefore, be the originative cause of poverty, unless they arise in particular circumstances from other sources than from poverty, as, for example, where low wages are the result of avarice on the part of the employer, or where the death of the principal wage-earner is due to a street accident.

152. The main causes of primary poverty are the following :—

1. *Low Wages*, which account for more than half the primary poverty which exists.

2. The *death* or *incapacity* of the principal wage-earner.

3. *Casual employment*.

If we go on to ask ourselves what are the permanent causes of primary poverty, we find them to be low wages, and unemployment. These are the two economic conditions on which social workers have concentrated their study.<sup>1</sup>

### iii. *The Remedies of Poverty.*

#### (I) *The Work of the Church.*

153. From the nature of the causes at work, some forms of poverty are preventible, others are not. We will begin with those forms which recur in spite of all our provisions and are not therefore strictly preventible. There is the poverty which arises from the death, sickness, or invalidity of

<sup>1</sup> See B. S. Rowntree, *Poverty* (Macmillan, 1s.), or Will Reason, *Poverty* (Headley Bros., 1s.), where the subject may be studied at length.

the principal wage-earner of the family. We here meet the familiar examples of the widow, the orphan, and the unemployed. Provision for the widow and orphan has been the unremitting concern of the Christian religion and of its predecessor, the Jewish dispensation. Amongst the earliest works of the Church we find the provision of employment.<sup>1</sup> The sick and the wayfarer have been cared for in hospitals and hospices of every description throughout the Christian ages. In order that these needs might be abundantly and effectively supplied, many orders of religious men and women have dedicated their lives to the service of those whom they regarded as their suffering brethren. To take a single illustration. Every one is familiar with the Little Sisters of the Poor, who, though a comparatively recent institution, have a total of 310 houses, in which 5,812 Sisters take charge of 43,973 old people of both sexes. Since their foundation they have conducted through a comfortable old age to a happy death 344,044 persons (Report for 1918).<sup>2</sup>

The sumptuous provision made by the monasteries, convents, hospitals, and guilds disappeared in the sixteenth century. And while voluntary contribution has effected wonders in this country within the last two hundred years, it is wholly inadequate to meet the wants of our present social condition. This inadequacy of charity and benevolence, together with a complete misapprehension

<sup>1</sup> See *Catholic Encyclopædia*, Art. "Charity and Charities."

<sup>2</sup> See especially *Histoire de la Charité*, by Léon Lallemand, 4 vols., Paris (Picard), 1902-10; the *Catholic Encyclopædia*: "Charity and Charities," "Hospice," "Hospitallers," "Hospitals," "Leprosy," "Trinitarians," "Redemption of Captives," etc.

and a consequent disparagement of it, leads many to turn their attention in the main to the function and duties of State assistance.

We must therefore explain briefly the meaning of Christian charity.

(2) *The Virtue of Christian Charity.*

154. A natural and obvious means of removing an existing want is help from a neighbour. "A brother that is helped by his brother is like a strong city" (Prov. xviii. 19). Help of this nature is frequent in the family circle. It is a trait of our common humanity. It has been solemnly confirmed and consecrated by the divine law in the Old and New Testaments.

As long as societies are small in numbers, simple in their relations, and the circumstances of each individual member are generally known, this method of assistance will prevail and suffice. With the growth of large societies some organized form of assistance is required. Nowadays we are in the presence of a greedy and oppressive capitalism, which controls and monopolizes to an unprecedented and increasing measure the material means of ordinary comfort. Hence, in addition to that individual love and service which are always called for and never can be dispensed with, some compelling power is needed to constrain the wealthy to contribute in proportion to their gains for the benefit of others. Consequently, besides the two forms of charity and beneficence, there is place for State assistance. This, then, is the alternative before us: given that an equitable division and distribution of nature's goods is one of nature's axioms, it were better indeed that brother should help brother out of love; but so many will not do so, that a vast number of others must suffer want. This being so, the only remedy

is a forced contribution. Some may think that this is the path to the "Servile State" so rightly abominated; but, be it what it may, in default of spontaneous and sufficient provision, provision by legal enactment is imperative.

Charity is the Christian love of one's fellows. By this charity another is loved in deed and in truth, not only as the friend of God, but as personifying Christ Himself. "As long as you did it to one of these My least brethren, you did it to Me" (Matt. xxv. 40). To this wonderful hallowing of their nature all men are invited. Hence the heroic outpourings of Christian charity in every form and in all countries. This thrice-blessed love prompts to acts of beneficence, personal devotedness, and self-sacrifice, after the example of Christ: "As I have loved you . . . you also love one another" (John xiii. 34). It fulfils His special command and shows the token by which His followers were to be recognized: "By this shall all men know that you are My disciples, if you have love one for another" (John xiii. 35). The foundation, then, of Christian charity is a definite teaching with regard to the inherent or potential dignity of every human individual.

The motive of charity is not a man's lowliness, but his greatness; not his want, but his native riches and nobility; not that he is below us, but that he is our equal; not that he is the object of our compassion, but of our love. Mercy, indeed, pities the unfortunate, compassion tends the sufferer; but charity pours out its heart to a *brother*. It is love like the love of God, whose image is recognized in another. It resembles the love we bear ourselves, which serves as the pattern and measure of our love for others.

Love which is true to the Christian standard



is neither cold nor perfunctory, but full of warmth and zeal.

Christian love does *not* lower the dignity of the recipient of its gifts, but presupposes it, recognizes it, and reveres it.

And if it be true that the ill-considered bounty of charity fosters idleness and fraud, this is not true of such largess as is prudently bestowed.

Charity is sometimes contrasted with social work. This contrast is liable to be misunderstood. For a Catholic, charity is the highest motive of all work done for another, whether it regard the individual directly, or only indirectly through some organ of society. Charity is commonly understood to have the individual who is benefited as its immediate object, as when we bestow a meal, supply clothes, or furnish the means for a journey. Social work, while it may be animated and inspired by precisely the same motives as charity, acts rather upon the frame or organism of society, as in providing good houses, better wages, and various other resources for the masses in sickness or old age.

Charity must be distinguished from simple assistance, or beneficence, or philanthropy, where the springs of action are compassion, self-protection, generosity, or humanity—all good in their degree, but all alike far removed from the grandeur of Christian charity. In this connection, too, the obligation of charity ought to be distinguished from the obligation of justice. Thus I am bound in justice to pay a definite sum of money in wages to a particular individual on the ground of establishing the equality of a *quid pro quo*. On the other hand, I am bound in charity to assist those in need, though not necessarily to give a certain fixed sum to a particular person. At the same

time it should be observed that *both precepts are of strict binding force.*

The payment of a fair wage is a duty of strict justice ; consideration for the special needs of a workman's numerous family is a duty of charity.

To pay a family wage may or may not be a duty of strict justice, but it is a duty of charity. These differences offer delicate points of discussion for the moral specialist ; but what concerns the parties themselves is that they are bound by an obligation, though it may not be clear to them whether the obligation arises from the virtue of justice or from the virtue of charity.

The love of one's neighbour to be genuine must be operative. Its activities find ample scope in assisting others in their need. This assistance includes the duty of almsgiving, about which a word or two must be said.

### (3) *The Rules of Almsgiving.*

**155.** What a man has over and above the reasonable requirements of living, comfort, education, station, and suitable future provision for himself and his family, is a surplus which he must use generously for the benefit of others.

In other words, no man may possess property of any description to the detriment or deprivation of others. Hence if he have more than enough and others are in need, he is bound to share his surplus with them. Possession of property, therefore, has its correlative duty of beneficence antecedently to any positive law (St. Thomas, 2, 2, q. 66, a. 7).

It would be difficult to sum up the doctrine more clearly or more forcibly than in the words of Leo XIII : " ' It is lawful,' says St. Thomas of Aquin, ' for a man to hold private property. . . . ' But if the question be asked, How must one's possessions be used ? the Church replies without

hesitation in the words of the same holy Doctor : ' Man should not consider his outward possessions as his own, but as common to all, so as to share them without hesitation when others are in need. Whence the Apostle saith, *Command* the rich of this world . . . to offer with no stint, to apportion largely. . . . True, no one is commanded to distribute to others what is required for his own needs and those of his household ; nor even to give away what is reasonably required to keep up becomingly his condition in life ; for no one ought to live other than becomingly ' (St. Thomas 2, 2, q. 32, a. 6). But when that which necessity demands has been supplied, and one's standing fairly taken thought for, it becomes a duty to give to the indigent out of what remains over. " Yet that which remaineth give alms " (Luke xi. 41). It is a duty, not of justice (save in extreme cases) but of Christian charity--a duty not enforced by human law. . . . To sum up, then, what has been said : Whoever has received from the divine bounty a large share of temporal blessings, whether they be external and corporeal, or gifts of the mind, has received them for the purpose of using them for the perfecting of his own nature, and, at the same time, that he may employ them, as the steward of God's providence, for the benefit of others " (*On the Condition of the Working Classes*, p. 18 (25)).

156. While the Church lays down a rule of conduct for the rich and has vigorously insisted on its observance, she is not without a policy for the workers.

1. She has never acquiesced in any economic arrangement which commits one portion of the community to indigence.

2. She teaches that the exploitation of the worker

is "condemned by all laws, human and divine" (*ib.*, p. 15 (23)).

3. She endorses the axiom of St. Thomas of Aquin that "no one ought to live other than becomingly" (2, 2, q. 32. a. 6).

4. She would have the workman's family to be honourably provided for out of his own means (*ib.*, p. 9 (18)).

5. Hence she desires that "the poor should rise above poverty and wretchedness and better their condition in life, and that for this she makes a strong endeavour" (*ib.*, p. 22 (29)), "improving and bettering the condition of the working man" (*ib.*, p. 12 (20)).

6. She proclaims that "Christian morality, when adequately and completely practised, leads of itself to temporal prosperity" (*ib.*, p. 22 (29)).

7. She has throughout the ages established numerous associations for the relief and prevention of poverty (*ib.*, p. 23 (29)).

In addition to this she has her teaching, which declares how the inevitable ills of life fit in with the world scheme of human trial and destiny, and how the contented or voluntary relinquishment of temporal advantages carries with it the blessing of her divine Founder and the sanction of His heroic example. And if human life should haply prove a series of economic privations, these need not hinder, but should rather contribute to a richer fulfilment of man's destiny, when this life's probation has reached its end.

In a word, the Church sets steadily before mankind the final goal of all in that full and supreme life which is the outcome and purpose of our present striving. But she teaches also that the goods of life are for the worker and the poor, and further, that if they fail to obtain their

proper share of earth's advantages, they may still, and perhaps the more surely, secure the incomparably greater advantages of heaven.

The Christian system is, therefore, entirely misunderstood by those who conceive of it as holding out to the indigent and suffering toiler nothing but the promise of happiness hereafter (*ib.*, p. 19 (26)).

(4) *Forms of Assistance.*

157. Aid to others may take various forms.

1. *Private charity*, which is personal when the donor confers his own gift, as in the assistance tendered to the sick mother of one's servant; or it may be collective, as in the Association of St. Vincent of Paul, where the contributions of many persons are gathered under a collective though private administration.

2. *Corporate charity*, as in the provision of hospitals, or the foundation of schools, or of institutions for "defectives."

3. Next comes the department of *public assistance*, where the contributions of the community are combined into a fund or funds under public administration, as is the case with distress funds, generally directed by the local authority, as the Mansion House funds, the *Titanic* fund, Prince of Wales' National Relief fund (1915), etc.

4. *State Assistance*, which is provided in two ways, (a) by relief of the destitute, under the Poor Law, by the Health or Education Authority, and (b) by subsidies paid not to the destitute, but to those who would otherwise suffer want, and granted, therefore, in order to prevent them from falling into poverty and becoming chargeable to the Poor Law Administration.

## READINGS

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## APPENDIX

## EMIGRATION.

157A. 1. *Meaning.*—Emigration is not infrequently resorted to as a method of relieving the stress of poverty, or for the purpose of removing a person out of the reach of harmful influences. But emigration is more than this. When men quit their native land, it may be in a group for the definite object of establishing a society. This is colonization. Emigration implies rather the independent action of individuals seeking a new home and a livelihood in a community already established. Colonization is the swarming of a strong and healthy race. Emigration but too often implies misfortune or some unsatisfactory economic conditions in the parent country. Hence emigration, as we know it, is usually of the nature of a flight from poverty, lack of opportunity, or other unfavourable circumstances. Still it is worth while pointing out that, while England is one of the greatest colonizing powers, she trusts to the spontaneous emigration of the individual.

2. *Causes.*—Men emigrate in order to obtain

the advantages presented by an entirely new start in life on equal terms with others and with fresh incentives to labour. Nearly all those who leave the British Isles for our colonies or for the United States are of the working class, and most of them are possessed of very slender resources. Modern emigration is State-aided for the double motive of helping the emigrant, and keeping him within the Empire.

3. *Effects of emigration.*—Emigration is of doubtful advantage to the country that is quitted. From the United Kingdom it is the young and healthy who depart, leaving behind the aged, the sickly and the spiritless. Nevertheless it would be untrue to describe the emigrants as a body as being above the average in physical fitness and intelligence. Another grave aspect of emigration is the fact that, as a large majority of the emigrants are males, we are left with a notable excess of females.

The country of adoption will generally be largely undeveloped, and will for economic reasons welcome the emigrant; it should, however, protect itself from a too rapid addition to the number of its inhabitants, or from too heterogeneous an admixture of races.

Viewed from the standpoint of the emigrant himself, emigration can only be recommended with caution, and after a clear understanding of the character of the individuals concerned. The *émigré* should be exactly informed beforehand as to climate, kind of life, opportunities and requirements in the country he is going to, lest he may soon return a disillusioned man, or, what is worse, remain there a failure. He should be adequately instructed in his religious and moral duties, and made acquainted with what difficulties or

facilities he will meet with in their discharge. It is also greatly to be desired that he be kept in touch with some directive and controlling influence.

5. *Safeguards*.—Doubtless there are many for whom emigration will prove a saving boon, and the work of colonization is one of the vast enterprises which should be guided by the ripest wisdom of a nation. At the same time it should be borne in mind that the primary object of our endeavour must ever be the building up and betterment of the State to which we belong, and to make our own land a place of abode which few may desire and none be obliged to leave.

#### READINGS

JOHNSON. *History of Emigration*.

*Report of the Empire Settlement Committee*. Cd. 8672. 9d.

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## II. STATE ASSISTANCE.

### i. *Its Principle*.

158. We come once more to the principle of State interference. The State, as we have already seen, has the right and duty to intervene for the general good of the community, where individuals either separately or conjointly are unable to provide for their own needs or prosperity. The State then assumes its function of supreme guardian and promoter of public advantage in the area of its jurisdiction. With our present standard of living, our immense population, and our deplorable religious differences, it is impossible for private effort to supply the multifarious wants of our people.



The annual disbursements of public charities amount to something under £10,000,000. Special bequests, donations, and contributions of a semi-public nature may swell that total by several millions. Private charities of all kinds still further increase this grand total of national beneficence. Nevertheless, it falls far short of the sum which is already being expended from the treasury of the State for education, hospitals, the destitute, Old Age Pensions, medical treatment, and the various departments of the Insurance Act. These charges reach the colossal amount of not less than £70,000,000 a year.

As the protector of individual rights and freedom of action, and the promoter of the common welfare, the State should religiously uphold and allow free expansion to all forms of civic benevolence, and next, when these prove insufficient, it must supply, as far as possible, what is yet required.

The principle of obligatory contribution for the succour of the indigent was formally accepted as a matter of sheer necessity when the English Poor Law was established in 1601. The practice of employing public funds to supply the necessities of the working class has received the sanction of Parliament and of the country in the shape of the numerous forms of assistance upon which the workers may now rely in certain common necessities, such as sickness, old age, and unemployment. "Poverty," says *Liberator*, "which, since original sin, can never be quite banished from the world . . . needs permanent relief; and for this purpose permanent foundations are more useful than casual alms. Where the faithful [and we may add likewise the great mass of the population] have only moderate fortunes, and the Church, now despoiled almost entirely by modern civilization, cannot

give much, the government should afford help out of its own money, which could not be more justly and usefully employed; and since the government has no source of riches except the purses of its subjects, it may by prudent laws burden the possessions of the more wealthy to relieve the distress of the destitute" (*Principles of Political Economy*, p. 164). He goes on to apply these principles to "infantine weakness, infirmity, and old age." And with regard to the superannuated workers he adds these significant words: "If we give pensions to officials and soldiers, are we to leave destitute the veterans of labour, when they have used up their strength in procuring the necessities and comforts of life for the community?" (p. 166).

The student of the Encyclical above quoted may have noticed that the remedies proposed by Leo XIII are mainly of a social character, and improved labour legislation, but the principle of State assistance of the poor is expressly laid down in the following words: "When there is question of defending the rights of individuals, the poor and helpless have a claim to especial consideration. The richer class have many ways of shielding themselves, and stand less in need of the help of the State; whereas those who are badly off have no resources of their own to fall back upon, and must chiefly depend upon the assistance of the State. And it is for this reason that wage-earners, who are undoubtedly among the weak and necessitous, should be specially cared for by the government" (p. 29 (35)).<sup>1</sup>

<sup>1</sup> A similar principle is expressed by W. H. Beveridge in the following passage: "A great body of workmen to-day are men living on a quicksand, which at any moment

ii. *The Poor Law.*

159. The English Poor Law was a provision established by the public authority for the maintenance of the destitute. Laws chiefly of a restrictive character had been passed at intervals from the time of the Labourers Act (23 Edward III, 1349). But after the suppression of the abundant works of Christian charity in the sixteenth century, and the subsequent failure of private charity to meet the pressing wants of a vast crowd of starving persons, the distressful social condition of the time made some general and public provision a concern of national importance.

A law, intended at first to be of temporary duration, was passed in 1601, by which children and the able-bodied might be furnished with employment. The funds required for the scheme were to be raised by parishes under the sanction of the Justices of the Peace. It was long before the law met with general acceptance, and not until 1697 that a combination of several parishes in Bristol established the first Union workhouse. The administration of the system oscillated between the extremes of mildness and severity, with the result that in the first quarter of the nineteenth century a large mass of the labouring classes were

may engulf individuals, which at uncertain intervals sinks for months or years below the sea surface altogether. Many of them, no doubt, become used to their place of habitation; they have learnt its ways and continually escape destruction; they might be unfit for any other life; they have come there, perhaps, not by disaster, but by their own weakness. Yet while this quicksand and its movements are part of industry, society cannot escape some responsibility for those who live there; cannot treat as criminals those whose industrial services are there required; cannot end the evil by rescuing individuals" (*Unemployment*, p. 148).

sunk in a degrading pauperism, while the administration of the law was shamefully negligent and chaotic. A Royal Commission was appointed in 1830, and on the lines of its Report the Poor Law Amendment Act was passed in 1834.

160. The cardinal principles of the amended Act were :

1. *National Uniformity* under a central authority which should have control of the erection of work-houses and the administration of relief.

2. *The Workhouse Test*, that is, the exclusive offer of the workhouse accommodation as a test or guarantee of the destitution of the applicant.

3. *Less Eligibility*, by which was meant that "the lot of the able-bodied pauper should be made less eligible than that of the lowest class of independent labourers."

How its three principles have been reversed by the Central Authority and ignored by local administrations, how the Central Authority has itself passed through the three distinct phases of the Poor Law Commissioners (1834-47), the Poor Law Board (1841-71), and the Local Government Board of recent years, must be studied elsewhere.<sup>1</sup>

161. During the last few years new principles have superseded the old principles and obtained a secure footing. These are :

1. The principle of *Universal Provision*, which underlies and justifies the action of the State in procuring for the people what they are unable to provide for themselves, such as education, meals for necessitous school-children, parks, baths, cheap transport, libraries, and various appliances of sanitation, and so forth.

2. The principle of *Compulsion*, which asserts

<sup>1</sup> Sidney and Beatrice Webb. *English Poor Law Policy*, 1910.

that a subject shall be obliged to follow out a certain line of action demanded by his own, his children's, or the public advantage, as, for example, that a parent should send his children to school, and submit them, in certain specified cases, to the treatment of the medical officer of the district, either at their own home or in an institution.

162. And yet the operation of the law on the whole was so irregular and so inefficient that another Royal Commission was appointed in 1905. The investigations of this Commission resulted in the publication of two Reports in the year 1909, entitled respectively the Majority and Minority Report.

In many of their recommendations the two Reports are in complete agreement.

The main differences are that the Majority Report advocates the creation of *one* single and new authority, to be called the Public Assistance Authority. The function of this new authority would be to control all necessitous cases from whatever cause their necessity may arise. Thus the sick, the aged and infirm, the children, the feeble-minded, the able-bodied unemployed—all alike would fall within the immediate jurisdiction of the authority which is to deal with poverty as such.

The Minority Report, in addition to classification and segregation of the classes into separate institutions, advocates autonomy (under the central authority of the County Council or County Borough Council) for each section of administration, in the departments of the sick, the feeble-minded, children, aged, and so forth.

The root principle of the Minority is:—

*Prevent destitution from appearing, if you can ; prevent it from growing and spreading ; and see,*

*therefore, that there are no destitute persons to present themselves.*

The Public Assistance Authority, advocated by the Majority, has *destitution* for its specific object. The Minority will admit no authority for *destitution* as such, but in place of it proposes that use should be made of State agencies already in active operation. To none of which would be attached the stigma of pauperism.

A Report of the Local Government Committee, January 17, 1918, adds further emphasis to the recommendations of the Minority Report, urging (1) the abolition of the Boards of Guardians and of the Poor Law Union, their functions to be transferred to the County Council and the County Borough Council; (2) that provision for the sick, infirm (including maternity, infancy and aged requiring institutional care) be made under the Public Health Acts; (3) that provision for all children able to attend school be made under the Education Acts; (4) that provision for the mentally deficient be made under the Lunacy Acts; (5) the appointment of a new Committee entitled "The Prevention of Unemployment and Training Committee"; (6) the appointment of a new Committee styled "The Home Assistance Committee." This interesting document, which is met by the opposition of Guardians in various quarters, should be studied carefully (Cd. 8917, Price 3d).

### iii. *National Insurance.*

#### 163. (a) *The Principle of National Insurance.*

Man comes before the State. His rights are by nature prior to any public authority. He has himself determined the existence of civil society

(to which nature's Author has granted authority) for his own advantage. This advantage is realized above all in the recognition, the express determination, and the safeguarding of his rights. More than this. According to the common opinion of Catholic teachers and the practice of all governments, the State is justified in promoting the welfare of the community by such means and for such objects as are beyond the means or capacity of individual citizens. From this many will gather that the State has the right to enact obligatory insurance, for every one is bound to make provision for future emergency. But in the present state of society, many are unable to make any such provision, as they have barely enough, and too often not enough, to subsist upon.

And further : many of those who might lay by regularly a small sum for future needs from one cause or another fail to do so ; and in all probability they would never do so if left to themselves. The result is that a large section of the population are brought to poverty and destitution by sickness, invalidity, unemployment, and old age.

It becomes then the duty of the public authority to prevent a condition of things which is nothing less than a national calamity. The only way to effect this is to make insurance within certain limits a common obligation. In doing so the State should allow liberty of choice as to insurance societies, provided it informs itself of the complete solvency of the agencies to which the workers' contributions are to be entrusted. Hence the recognition of " approved societies " in the clauses of the Insurance Act which came into force in July, 1912.

Further questions arise concerning the persons to be insured, the payments to be made, and by

whom they are to be made, and under what formalities. Here there will be ample room for differences of opinion and of practice.

The chief qualities of sound national and compulsory insurance are : (1) security ; (2) contributions so disposed as to enlist the responsibility of the insured person, and to include the responsibility of the employer for his dependents (an arrangement which will promote good feeling between employer and employed, which is a matter of the highest social importance) ; (3) a State subsidy, on the one hand as an encouragement, and on the other as a contribution from others than those immediately concerned, for the benefit of the great class of citizen workers, who perform the hard toil of society.<sup>1</sup>

<sup>1</sup> The perplexing problem of insurance is here presented rather than solved. The Insurance Act is at best a bold expedient for applying a remedy to a pressing evil, not a piece of constructive statesmanship.

That a man must have some resources on which he can rely in future contingencies, all are agreed. He may provide them himself, or with the aid of his employer, or by means of an additional subsidy from the public purse.

In any event, is the particular method adopted to be applied to each of the several categories of insurance, e.g., sickness, accident, old age ?

Moreover, should insurance be compulsory ? And if so, in what cases and under what categories ? And if insurance be obligatory, is the worker to insure with the State, or merely through the ordinary channel of his trade association or local friendly society ?

And if the State contribute a quota of the benefits granted, does not this impose a burden upon many taxpayers, the justice of which has been questioned by competent authorities ? A. Lehmkuhl, in a powerful paper, *La Question Sociale et l'Intervention de l'Etat* (Louvain, 1895), is generally opposed to obligatory insurance. But seventeen years later the President of the *Action Populaire*, G. Desbuquois, writes in a different tone in



*(b) Objects of Insurance.*

164. The principal objects of insurance are burial, old age, invalidity, sickness, accident, and unemployment, since each of these may bring distress into the home. From these eventualities a man must therefore in some way shield himself.<sup>1</sup>

1. Provision for *old age* is the rule of the public services. The man engaged in trade aims at making at least enough to enable him to retire and spend his declining years in tranquillity. If we take the working class as a body, it is too much to expect that, out of their slender wages, they will lay by a weekly sum to create a fund for their support in old age, which indeed may never come for them, the average age of the workers being about sixty-one years.

As a consequence the aged have fallen under the Poor Law, or been assisted in some cases by charitable persons or by societies. In the year 1908 the State took over this responsibility to a large extent, and the Old Age Pensions Act came into operation on January 1, 1909. Events have proved the wisdom of this scheme, in the relative

*Le Mouvement Social* for October, 1912, on the burning question of "Le Rôle de l'Etat." Both alike recognize the serious danger to civic liberty in any such wholesale interference in economics as that involved in our Insurance Act.

<sup>1</sup> The practice of subscribing a small weekly sum to meet the expenses of a decent interment is the commonest of all forms of insurance. In 1912 there were estimated to be not fewer than 35,000,000 petty insurance policies in the United Kingdom, many persons being insured several times. The need for funeral benefit would be lessened if the public taste would refuse to sanction the useless expense with which many funerals are attended. The Insurance Act provides for no funeral benefit except four-sevenths of the amount standing to the credit of a deposit contributor at the time of his death (Section 42).

diminution of pauperism and in the increased content of a section of the working class. The question has been raised as to the desirability of requiring some personal contribution. This would doubtless have complicated matters; for in the last resort, all the aged poor who are in need must be cared for, whatever be their record. Yet it cannot be denied that a contribution, if practicable, would have been a recognition by all, and an admission on the part of the insured person of his individual responsibility.

2. *Sickness* and invalidity or *disablement* benefit may here be taken together. Sickness is defined as a temporary incapacity for work, which technically, according to the Insurance Act, is limited to a period of twenty-six weeks, after which the sick benefit is reduced, and the person enters the category of those receiving disablement benefit. By disablement is understood permanent incapacity for work (Section 8).

It should be borne in mind that all members of the community profit by the labour, skill, regularity, and perseverance of the manual workers. The unearned increment drawn from "production" in the shape of rent or interest depends directly upon the efficient output of labour. Now the sickness of the workman constitutes no direct or indirect charge upon such income. But as the income is due mainly to labour, it is equitable that, by means of a subsidy from the Treasury, persons who receive such income should make a return to the labouring community to a national sickness or disablement fund.

The principle is still more cogent in the case of the employer of labour. Sickness arising from the nature of the employment, from strain, or from the workman's normal liability to failure in

health, is as much an element of the workman's integral value as the commercial price is to the manufactured article which the workman has produced. Nevertheless, the workman's liability to sickness forms, as a rule, no element in the estimated value of his labour. This being so, it is but reasonable that the expenses of sickness, the ordinary accompaniment of man's life and labour, should be shared by the employer, whose profits are made largely by a worker who from his very nature is subject to physical failure and total disablement. No lighter and more effectual method could be devised under existing circumstances than that of a contribution towards the general fund for meeting those inevitable needs. On these lines the Insurance Act requires the employer and the employed to contribute, while the State itself makes a third contribution out of the general taxation. In 1916 the total number of insured persons was about 14,000,000, and the assets for the year were £35,333,401.<sup>1</sup>

3. The need of *accident* insurance is even more urgent, if possible, than those of other possible sources of the worker's distress. In 1910, 167,653 persons were injured in their employment. In 1918, 3,375, not including seamen, were killed.

<sup>1</sup> "Sickness benefit" (10s. for men and 7s. 6d. for women) is paid during incapacity for work up to a maximum of twenty-six weeks. "Disablement benefit" is a continuation of sickness benefit at the lower rate of 5s. a week for men or women, beginning with the twenty-seventh week of sickness and continuing as long as necessary, or until the recipient is seventy, when all Insurance benefit terminates, and he receives the Old Age Pension.

The reader should consult *National Health Insurance Act 1918*. Memo. 238, 2d. *Summary for Members of Approved Societies*. July 1918. Memo. 239, 1d. *Employed Contributors*. Memo. 240.

In the year 1906 the Workmen's Compensation Bill was passed. The employers have safeguarded themselves by insurance companies old and new. The claims of the injured workpeople have not always been equitably dealt with.<sup>1</sup>

4. The insurance against *unemployment* is a subject of so much difficulty and importance that it must here be enough to recommend the student to peruse Sir William Beveridge, *Unemployment*. Longmans, 9s; and J. L. Cohen, *Insurance against Unemployment*. P. S. King, 18s.

#### iv. *Unemployment*.

**165.** (a) *Its Meaning and Extent*.—The problem of unemployment has hitherto baffled every reformer. Unemployment comprises two stages, the one where a man has no work, and the other, called under-employment, where he has less work than will properly sustain him.

During a period of trade depression the level of unemployment may be as high as 9·5 per cent. (September, 1908). About 2 per cent., however, is the average. In November, 1912, a minimum of 1·8 per cent. was reached; in April, 1913, 1·7; in January, 1917, 0·3. In October, 1919, the total number of unemployed was 479,427. An abnormal percentage of unemployment will mean that there are hundreds of thousands, possibly millions, without the necessities of life. And even when the index of the Trade Union percentage is at its lowest, there will still be tens of thousands suffering from lack of employment; for unemployment is now looked upon as in some degree inevitable and irremediable

<sup>1</sup> See Sir Leo Chiozza Money, *Things that Matter*, chap. vi. The above statistics refer to the United Kingdom.

in our present industrial system. Unemployment even in the skilled and well-organized trades within the Trade Union combination stands at a practically irreducible minimum of about 2 per cent. in good times.

Whatever be the rate of increase in men employed or in the wages paid, the fringe of unemployment remains.<sup>1</sup>

**166.** (b) *Causes of Unemployment.*—The chief causes of unemployment are the following :

I. *Cyclical fluctuations*, that is, periods of depression or good trade recurring at fairly regular intervals of a few years. The lean years and the fat years come round with a certainty which seems like the slow wide swing of a pendulum. Various causes may bring about this variation : on the financial side, a crisis or panic resulting from a breakdown of credit or prices, or from want of confidence ; on the commercial and industrial side depression may ensue from change of fashion or from over-production. It surely ought not to be impossible for a Trade Committee by prudent forethought to counteract these tendencies.

II. *Seasonal fluctuations*, which occur regularly during the course of each year. In the spring and summer, for example, the building, dressmaking, painting, and soda-water trades are brisk, and the seaside resorts are full ; in winter they fall off more or less completely. On the other hand, in winter, printing, indoor entertainments, con-

<sup>1</sup> During the year 1905 the unemployed in the United States, that is, those unemployed for the space of at least three months, were estimated at 6,468,964. In Germany 780,000 were estimated to be out of work in 1908, their unemployment affecting some 2,500,000 persons. These figures are probably not obtained by identical calculations, but they tell their tale.

certs, theatres, coal merchants are busy ; during the summer months they are slack. Seasonal unemployment is doubtless an unavoidable accompaniment of certain occupations. And workers in the building trades or at holiday resorts, should be trained in a double capacity. In other matters consumers are the capital offenders.

Orders should as far as possible be spread over a period of time ; and when workers refuse to carry out unreasonable demands, a thoughtless public will and must modify customs which are irksome and injurious to thousands. Funerals and mourning need much simplification. Urgent orders for marriages, new fashions, holiday suits or costumes, are all anti-social.

III. *Casual labour*, or the existence of large reserves of labour. Casual labour is that which is accepted on an emergency, as the unloading of a ship, or the work of contractors' labourers. Its conditions are : (1) rapid and irregular fluctuation of work, consequent upon the arrival of a ship, extensive constructive works, etc. ; (2) difference of centres of employment, as at the different docks of a port, or at several different ports ; (3) engagement of irregular workers, a man's engagement being only for one separate job ; (4) the element of chance in securing engagement, as, for instance, the order of presentation at the dock gates.

The number of untrained or only partly trained workers who flock to these sources of employment is far greater than the work which can be provided at the busiest times. Hence there is nearly always an unlimited supply of labour available, and nearly always a large percentage for whom no employment is possible.

Casual labour is intermittent. It depends upon the merest contingencies. This fateful condition

can only be dealt with by the organization of the huge crowd of unorganized labour. In the words of Sir William Beveridge: "The policy of de-casualization is simply this—that all the irregular men for each group of similar employers should be taken on from a common centre or Exchange, and that this Exchange should as far as possible concentrate employment upon the smallest number that will suffice for the work of the group as a whole; that successive jobs under different employers should, as far as possible, be made to go in succession to the same individual, instead of being spread over several men, each idle more than half his time. In such a policy is to be found the remedy, and the only remedy, for the most urgent part of the unemployed problem—the chronic problem of the casual labourer" (*op. cit.*, p. 201). "Every man who cannot be regularly employed by one firm should be engaged only from an Exchange, should be one of a list common to many firms" (p. 208). The Exchanges may be voluntary or compulsory. That is a matter of indifference to the principle.

The remedy here proposed is novel and drastic. It involves, moreover, a serious practical difficulty. What is to become of the men who are not on the employed list? They cannot be taken on. There is no work for them to do. Are they to be cast out to starve?

The difficulty would, however, be mitigated or removed in practice. (1) The de-casualization would be effected gradually, so as to permit of the surplus of labour being absorbed in other channels. (2) The highest class of the casual labourer would be provided with better work, and the lowest class of those excluded might be occupied in various schemes of development, or assisted to emigrate.

(See Beveridge, *op. cit.*, c. ix., where this subject is discussed at length.)

VI. *Lack of Adaptability* to new conditions. All know of the transformation of labour conditions effected by the introduction of railways in place of the coaching and posting systems. Our silk and watch manufactures have yielded to foreign competition ; saddlery has been seriously affected by the introduction of new methods of traction. Hand-weaving has almost disappeared ; the art of the shoemaker is vanishing in presence of the processes of the factory. Women and children replace men. A change in fashion may throw thousands out of work. Hence to forestall the disaster of unemployment, the worker should be trained to and should cultivate a more intelligent adaptability to various kinds of work. He would then be able to adapt himself to new conditions and requirements.

167. (c) *Remedies for Unemployment.—Palliatives.*—The remedies for dealing with the evils of unemployment up to recent years have been principally four :

(i.) The Poor Law, which provided the casual ward for the tramp, accommodation for the able-bodied applicant, man or woman, and relief of the family outside the institution on the derisory condition that the head of the family entered the workhouse.

(ii.) Municipal relief works were authorized in 1886 with the view of protecting the unemployed from the stigma of pauperism. Although generally resorted to only in times of exceptional distress, these public relief works have been carried on annually in some districts.

(iii.) Special charitable relief funds, as the Mansion House Fund.



(iv.) The Unemployed Workmen Act of 1905 authorized the formation of a local body consisting of representatives drawn from the different public bodies for the purpose of regulating the various sources of assistance. The statistics and experiences gathered by the numerous boards scattered all over the country have been of value in showing where and how the next step should be taken in dealing with this complicated problem, and, above all, in disclosing the unsatisfactoriness of this expedient, save as a provision of relief in the urgency of the moment. Little or no permanent benefit was achieved. "At every point," says Mr. Beveridge (after a very careful examination of the facts), "the provision of relief work under the Unemployed Workmen Act has broken down or, at least, has broken away from its original intentions. . . . It has not made any appreciable impression upon the problem" (*Unemployment*, pp. 181, 191).

168. (d) *Classes of the Unemployed*.—The unemployed are not a class, but many classes differing essentially one from another, and having in common the one quality of being without the means of subsistence through want of work. And at this point we may adopt the clear and satisfactory arrangement of Mr. P. Alden (*The Unemployable*, pp. 21, 144).

1. The *vagrant* who travels from place to place ostensibly in quest of work, passing his nights in the casual ward of the workhouse, and in some instances varying his career with an occasional term of prison life.

2. The *incapable of work*, or the unemployables.

(a) The *inefficient*, or those who, while physically capable of doing work, have by laziness or environment become degener-

ates and incapable of doing a proper day's work.

- (b) The *physically* or *mentally* unfit for work. They may, indeed, be able to perform some light and easy task, but they are incapable of supporting themselves.

3. The *under-employed*, or those who do not succeed in getting work enough for their support. Of this class Sir C. Booth estimated that there were some 317,000 in the metropolis. Their existence was, in his judgment, the crux of the social problem.

Chief among the under-employed is the casual worker. To adopt the words of Mr. P. Alden, "Casual labour is at the root of much of our social misery and wretchedness. A very large class of casual workers never in any one year earn sufficient to rise with their families above the poverty line. Into their ranks are constantly slipping the unfortunate, the untrained, the inefficient, and the vicious. The mere offer of work to this class is not sufficient. If the casual labourer is to be rooted out of our industrial system, all industries which demand his presence must be completely reorganized upon a different basis."

4. The *unemployed*, or those who have fallen out of the ranks of their regular employment, by reason of the closing down of his industry, or the introduction of new machinery or processes, or on account of their age.

#### 169. (e) *Preventive Remedies.*

(a) The *vagrant*. The professional tramp, who will not work, is an offender against society; and society has the right to protect itself against his deceit and importunity. Notwithstanding the opposition which the suggestion has encountered

in certain quarters, we are of opinion that the public may with reason claim the opportunity of satisfying themselves of the genuineness of his representations, by demanding that he should carry with him papers of identification. And next, it may be urged that some lodging less harsh and harmful than the casual ward might save him from further descent in the social scale, and eventually help to reform him. Nor does it appear to be an undue interference with the liberty of the law-abiding subject that in case of failure to find and perform work he should be detained for instruction and training in a labour colony suited to his needs, provided this be done by due process of trial in open court before a responsible magistrate, and not by co-opted and irresponsible committees.

(b) The man who has so far deteriorated in character or physique as to be *incapable* of supporting himself should, we think, on the same principles, be given a chance of self-restoration by the offer of a period of kindly and appropriate training in a State-provided or voluntary institution, where he would receive maintenance in return for work.

(c) The physically or mentally *unfit* demand from the humanity and charity of the community such gentle and thoughtful care and instruction as may develop, as far as is possible, the limited resources with which nature has endowed them.

(d) The *unemployed*. Notwithstanding the gravity and persistence of the vagrant problem (in normal times), the cases just mentioned are dwarfed in importance and urgency by the problem of unemployment properly so called. Here we have before us that lack of work and subsistence which follows in the train of our industrial system. The time has arrived when we must try to penetrate

into the true inwardness of this knotty question, and look upon poverty not so much as an actual and unfortunate privation, to be relieved while it lasts, but as a direct and unavoidable result of our industrial disorganization.

170. Labour offers itself for a wage, not, indeed, as goods are offered at a price, but as a party in a contract between man and man. There are markets for goods; there has been no central market for labour. Goods are sent to the market for sale. The unemployed workman hawks his labour. He may or may not find a job; fate may favour him, and he is taken on. But how many there are to whom fortune is unkind. In order to provide some remedy for this uneconomic and disheartening procedure centres for the engagement of labour, *i.e.*, Employment Exchanges have been established, where the workman may meet with the employment he is in want of and the employer may find the labour he needs (see n. 172*b*).

We speak ordinarily of the problem of unemployment, but it is the under-employment of so many which is the chronic evil, and which up to the present has seemed insoluble. Experience has shown that relief, however necessary and judiciously administered, is no solution. It leaves the problem just where it was. We must attack the evil at its root. This has been done to some extent under n. 166.

171. (e) A man may be thrown out of work by the *closing down* of the establishment to which he is attached. At this point we may urge the maxim that no worker should stand alone and without any support in time of need. This is the proletarian status and must go. It is imperative that every man should have his resource: it may be unemployment benefit from the State Insurance

or from his Trade Union, or better still from the brethren of his own craft or guild ; or he may have natural abilities which are adaptable to some other pursuit.

Unemployment may ensue from the introduction of new *machinery* or processes. These under the arbitrary initiative of the employer have a sad story connected with them. Such improvements are, of course, in themselves acceptable and indeed inevitable ; but at the same time the well-being of the workers is of more importance than any increase in the output or in the cheapening of production. They should therefore be introduced gradually, so as to allow time for the re-absorption into other occupations of those who are displaced.

Who has not witnessed the pathetic spectacle of a veteran craftsman out of work because he is "*too old*" ? Some one is certainly responsible that the man, who has performed the social duty of work for many years, should not automatically lapse into poverty at a time when he should rather be honoured. It may not be easy to apportion the responsibility in due measure to the employer, who has benefited by his labour, to the trade fraternity, of which he is a member, or to society at large, which he has served in his capacity of producer or servant. In any case the simplest device is also the oldest whereby the guild, or committee of each industry or of agriculture, make themselves responsible for suitable aids or a retiring pension for their members. And each trade will be bound to arrange that such payments are made in the form of wages or other allowances or dividends as are adequate for the regular provision of the aid or pension referred to.

Another source of unemployment is the *over-crowding* of a trade. Labour pours into the towns

from the rural districts or from abroad and a surplus with all its evil consequences is created. Here it is for the trade or guild to protect its members. It need not be hard, selfish or narrow in its outlook. It would be for the general committee of occupations both agricultural and industrial to divert the inundation of labour into suitable channels. The stream of unskilled or half-trained labour pouring into the towns should be checked at its source by the improvement of country life, by higher wages, better housing and the amenities of social life. And further as regards the qualifications for the full membership of a craft, we may look forward to the introduction or extension of some form of the time-honoured custom of apprenticeship, adapted naturally to special circumstances of time, place and industry.

*Summary.*—The root remedies which have been proposed are twofold :

1. Those affecting the individual, who may be rendered employable by a course of suitable training.

2. Those affecting the organization of industry :

(a) The de-casualization of labour through the instrumentality of Employment Exchanges and its adaptation to and absorption in new occupations either in industry or in land development.

(b) In order to reconcile and adjust conflicting interests and views, a national Board of Labour, including both agriculture and manufactures, might be established to further the general prosperity by harmonious co-operation.

#### *v. Industrial Organization.*

172. The principles of industrial organization above referred to have been realized to an extent of which the public are not generally aware.

(a) Section 99 of the Insurance Act marks an epoch in our industrial history. Under its provisions some 150,000 men, working for hundreds of employers in Liverpool, Leicester, and elsewhere, have been de-casualized. The men are registered, engaged only through the Labour Exchanges (which keep their cards and books), and receive their wages at the offices of the Board of Trade.

(b) Next in importance comes the expansion of the system of Employment Exchanges. These are rapidly increasing in number, in public favour, and in efficiency. During the year 1910 they filled upwards of 374,000 vacancies, and during 1912 more than 687,000.

Employment Exchanges, which in 1917 numbered 388, are but in their early stages, and notwithstanding criticism and some dissatisfaction have supplied a national want. In 1917 the number of persons applying for work was 2,837,650. Work was found for 1,375,198 individuals. For the eleven months prior to December, 1919, 1,791,668 vacancies were notified by employers; of these 1,176,465 were filled by Exchanges. Applications from work-people numbered 5,540,193, the daily average in November being 16,972.

Local advisory committees, consisting of employers and employed, have been constituted in 230 centres. The Exchanges have shown an encouraging elasticity; for besides providing extra workers at the Post Offices in times of pressure (26,906 in 1917), they have co-operated with the Ministry of Munitions in the work of substitution and reinforcement. Eighty thousand discharged soldiers and sailors have been placed by them in their first employment; vast numbers of women workers have been allocated, and

£115,000 has been advanced in railway fares to workers. From June to October, 1917, the vacancies filled for pickers of fruit, hops, etc., totalled 6,699, as against 1,748 in 1916.

(c) Public opinion is slowly forming upon the exigencies of training for the business of life. And if little has been done as yet by legislative enactment, some fifty-three juvenile advisory committees have been formed, and forty schemes of committees under the Choice of Employers Act, while the new openings for telegraph messengers are the latest provision of the Post Office authorities. The whole question of suitable preparation for a life's labour or occupation, whether domestic, industrial, or agricultural (see Cd. 9079, paragraphs 114-178, 243-5, and appendix xi.) has yet to be squarely faced. One novelty of the Insurance Act is the conferring of power to recommend the incompetent workman to a place of suitable training, the expenses incidental to such attendance being paid out of the unemployment fund (Section 100).

(c) Poor Law agencies and Distress Committees have yielded to the action of self-help encouraged by the Insurance Scheme. Section 84 of the Act prescribes compulsory insurance against unemployment in certain leading trades, as building, construction work, mechanical engineering, etc. The contributions are payable by the worker, the employer, and the State.

The Insurance Commissioners are empowered to subsidize voluntary insurance (Section 105). "This provision, which is applicable to all trades and all classes of employees, thus adds on to the limited compulsory insurance scheme a scheme for universal voluntary insurance through associations" (*The Law of National Insurance*, J. H.



Watts, p. 7). Already in 1913, 274 associations had applied under this section.

(f) Further proposals towards the prevention of adult unemployment are :—

a. The discontinuance, as far as possible, of child labour.

b. A substantial shortening of the hours of all young persons.

c. A reduction of the hours of adult labour to 48 hours weekly ; and as far as possible the abolition of overtime.

d. The proposals of the Development Committee (1911-1912) and the projects of the Ministry of Reconstruction will, if carried out, give immediate employment to tens of thousands of workers, including a large proportion of the less skilled grades, in such works as harbour development and construction of ships.

e. The provision under the Central or Local authority of (i.) suitable houses in rural districts, mining villages and town slums.

f. The improvement or construction of roads, light railways and the reorganization of the canal systems.

g. The promotion of small holdings and allotments.

h. Drainage and reclamation of land, and afforestation.

#### READINGS

In addition to the works mentioned in the above Chapter, the following may be consulted :

T. W. FOWLE. *History of the Poor Law*. Macmillan, 2s. 6d.

*Report of Royal Commission on the Poor Law*. Wyman (8vo. edition, 3 vols.), 4s.

*Destitution and Suggested Remedies : Catholic Studies in Social Reform*. P. S. King, 9d.

W. C. MAUDE. *Religious Rights of the Catholic Poor.* C.T.S., 6d.

*Foreign Solutions of Poor Law Problems.* Marshall, 2s. 6d.

See also Supplement to *The Crusade*, December, 1912, 1d.

S. and B. WEBB. *English Poor Law Policy.* Longmans, 7s. 6d.

*Seasonal Trades*, by various writers. Constable, 7s. 6d. n.

J. L. COHEN. *Insurance against Unemployment.* P. S. King, 18s.



## EPILOGUE

AFTER studying these pages some practical reflections will have forced themselves upon the reader.

**Social Work.**—The characteristic work of to-day is not so much to relieve the poor (though the poor must be helped, and helped before anything else is done), but to repair the framework of society and to reset its activities. Nowadays we do not deal so much with the individual as with the masses of men, not so much with results as with their causes. Christian charity has done, and is still doing, a splendid work in its loving care for the needy. Yet while still carrying on this noble work, it must study causes and stem the tide of evil, misery, and failure. It is admirable and imperative to help the fallen. It is equally important and urgent to remove the circumstances which led them to their fall. It is a supreme duty to rescue our waifs and strays and to watch with ceaseless care over them. It is alike a supreme duty to remove the conditions which, with the certainty of a physical law, are constantly growing a new crop for the rescuer.

It is a duty to bestow alms ; it is also a duty so to arrange the social and economic state that alms may be less needed.

**Egoism.**—Selfishness in a thousand forms rules the world, and in no small degree sways many of those who call themselves by the hallowed name of Christian, but who fail to realize the simplicity of life and the love of others which are leading notes of the Master's teaching.

We are so much engrossed with ourselves, our families, with our pleasures, and the maintenance often of a fictitious or exaggerated status, that we find little to share with the less fortunate. What is wasted or squandered on extravagance would solve many of our problems on their economic side. Earnest and sympathetic love of our fellows has in many cases atrophied. We must return to the elementary maxims of Christianity. A practical regard for others in the measure of our means and opportunities is an essential factor in the character of a Christian.

The great *financiers*, the *captains of industry*, employers as a body and legislators have it in their power to promote the well-being of the social state. To them it belongs, by their position in society, so to arrange and control our economic machinery that it should work, not for the benefit of a few, but for the comfort and happiness of all.

Still it would be wrong to imagine that the work lies with them alone. The resetting of the social state is the enterprise of all—of the ruling

classes, the middle class, and the manual workers. By honesty, honourable conduct, intelligence, manly character, kindness, a genuine Christian tone, willing co-operation in public activities, every member of the body politic ought to promote the common happiness and advantage. These are civic virtues from the exercise of which none may claim exemption.

**Society.**—We have to confess with shame that notwithstanding education, culture, science, nations remain combative, numbers of persons are mean and unjust in their treatment of the weak, wasteful of the products of labour, egotistical, and many are without religion when religion is indispensable for the restoration of society.

If the craving for more and more comforts, luxuries, and enjoyments goes on increasing, no wages will meet this unnatural demand. The road of extravagance is the road to discontent, unhappiness, and social destruction. The steps of men must be turned in the direction of Christian *simplicity and self-restraint*. *The greed of wealth*—a very idolatry—is a canker that has always bred cruel social evils. The Church, since the days of Christ, has never ceased to raise her voice in denunciation of this social crime.

**The Need of the Hour.**—But where are we to make a beginning of betterment?

We have to grasp the principle that knowledge and organization are the two factors that are making headway in the world. They are powerful

as social forces. They have already brought about beneficial changes. Those who do not learn, or do not organize, are left behind. The masses are learning, and the masses are organizing. Where is the heaven? The heaven is the teaching of the Catholic Church. That teaching must become a power in the lives and words of individuals.

If only every Catholic would set an example of social interest, alertness, and energy, as he is bound to do, we should be distinctly nearer the goal we have in view. Listen to the thrilling words of Leo XIII :—

“ Every one should put his hand to the work which falls to his share, and that at once and straightway, lest the evil which is already so great become through delay absolutely beyond remedy. Those who rule the State should avail them of the laws and institutions of the country ; masters and wealthy owners must be mindful of their duty ; and since religion alone . . . can avail to destroy the evil at its root, all men should rest persuaded that the main thing needful is to return to real Christianity, apart from which all the plans and devices of the wisest will prove of little avail . . . ”  
(*Condition of the Working Classes*, p. 48 (50)).

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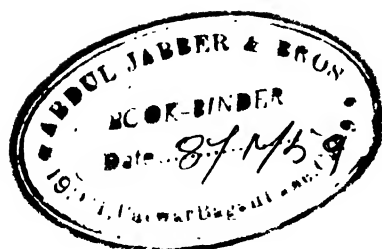
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